

SEPTEMBER 1996

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\$5.95 in Canada

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A Journal of Contemporary World Affairs



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FOUNDED IN 1914

SEPTEMBER 1996

VOL. 95, NO. 602

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Printed in the United States.

CURRENT HISTORY

September 1996

Vol. 95, No. 602

"China is not a monolith; there are fissures in the facade. . . and the outside world would do well to exploit them where possible. . . [The international community] should not deviate from the long-term goal of peaceful economic engagement but react with a large measure of flexibility and pragmatism to China's response to what it sees as threats to its regime economic security."

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Engaging China: Exploiting the Fissures in the Facade

JAMES SHINN

Officials of the People's Republic of China equate the political security of the governing regime in Beijing with the national security of all of China. This accounts in part for the rigidity and neuralgic sensitivity China's foreign security policy often exhibits. Does the conduct of China's foreign economic policy exhibit a similar equivalence? Is the economic security of the governing regime in Beijing synonymous with the economic security of China as a nation? How does economic interdependence impinge on regime economic security in China, and what does this suggest for a strategy of economic engagement with China?

DEFINING ECONOMIC SECURITY

The classic definition of economic security, which conflates traditional military strength with economic prowess, is embodied in the slogan "rich country, strong military," or *fu guo qiang bing* in Chinese. Like the Meiji Japanese, China's Qing dynasty patriots yearned for an economy strong enough to build warships to keep the Western (and later Japanese) imperialists at bay.

Viewing GNP as a proxy for national power is an economic security definition of more recent vintage. This view is a form of raw neomercantilism, a zero-sum game in which economic security is measured by a sustained balance of payments surplus and by foreign currency reserves piling up in the Bank of China. This narrow view of economic interdependence is being erased as more economists rise within the Chinese nomenklatura, but it is still a common mindset of ruling Communist Party elders.

China's economic security has also been defined as freedom from dependence on external resources, such as energy and food. China is shifting from being a net exporter of petroleum to a net importer, and will require imports of almost 1.2 million barrels of oil per day by the year 2000. But there is no obvious way to purchase resource security with military forces. For example, the People's Liberation Army (PLA) could seize the islands of the South China Sea, but then China would be unable to tap their petroleum resources without the capital and technology of the oil majors.

Another definition of economic security is the degree to which the domestic economy is insulated from external macroeconomic forces. All national economic authorities wish they had the latitude to pursue their own macro targets in isolation from international arbitrageurs and footloose international investors. But the Beijing government is acutely aware of China's dependence on

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exports and inflows of foreign capital to sustain the current growth rates of 10 percent per year, and absorb China's huge labor force.

For China, all four definitions of economic security have been overtaken by interdependence. The benefits of China's integration with the world trading and financial systems have effectively offset the appeal of pursuing any of these more traditional definitions of economic security. Yet some aspects of interdependence do pose a stubborn threat to the security of the governing regime in Beijing, which is acutely aware of what could be termed its own regime economic security.

What do I mean by "regime"? For the purposes of this argument, it is equivalent to the "selectorate." Coined by political scientist Susan Shirk, the selectorate is based on "a term adopted from British parliamentary politics to define the group within a political party that has effective power to choose leaders."¹ The selectorate in the People's Republic of China is composed of three major elements: the roughly 300 members of the Central Committee, several dozen Communist Party elders, and the top officers of the PLA.

As with most governments, the prime goal of the regime in Beijing is to hold on to the reins of power. The regime's central problem is how to run a closed political system in concert with an open economy while ensuring that there is no spillover effect from the open economy in the direction of political pluralism, which would challenge the regime's monopoly of political power.

The regime's apprehension of economic security is the mirror image of a constructive engagement strategy for dealing with China. Constructive engagement is predicated on the assumption that spillover effects from economic interdependence will moderate and then modify the Beijing regime. The authorities in Beijing are justifiably haunted by such a devolution of power, since it would almost certainly invoke a challenge to their position, such as another Tiananmen, or resistance to the state that includes demonstrations by students, workers, the urban middle class, or—the most threatening case—splinter groups of the PLA or other state security organs.

How do we distinguish economic threats to the security of the regime from purely political threats to it? The former include events that diminish the economic well-being of key regime constituencies,

such as state-owned enterprises or business interests of the PLA. Political threats include the creation of alternative centers of political power, such as the challenge posed by the National People's Congress (NPC), the application of the rule of law to the party in the courts, or separatist agitation in Tibet or Xinjiang province.

THREATS TO REGIME SECURITY

What aspects of economic interdependence threaten regime security in China? In *Weaving the Net: Conditional Engagement with China*, I examine four moderating factors arising from China's dramatically expanding economic interdependence. These moderating factors include the tyranny of markets, corrosive capitalism, decentralization, and changing elite stakes.

The tyranny of markets stems from the Chinese economy's growing dependence on world markets for essential inputs for sustained growth, including energy, food grains, capital, and technology, all of which impose a price for belligerent behavior by the Chinese government. Corrosive capitalism follows from the spread within China of international liberal practices such as the rule of law, standardized public financial disclosure, and managerial accountability. Decentralization encompasses fiscal reform and privatization of the media that result in a loss of control by the central government. Changing elite stakes include the expanding personal and professional investment of key regime constituencies in economic integration, including the PLA's expanding business empire.

How will these four moderating factors undermine regime economic security in China, and how will the regime resist this process?

The tyranny of markets poses little risk to regime security in China. The international commodity markets are quite comfortable dealing with authoritarian regimes, and although financial markets take a longer term and more probing interest in the internal politics of debtor states, creditworthiness is far more important than internal political behavior. For example, China's premium on long-term sovereign debt (measured in terms of its pricing over United States Treasury debt of comparable maturity) while higher than that of a small democratic state such as Malaysia, is still less than 100 basis points, or 1 percent. There is some evidence that this risk premium widens in response to external tensions between China and its trading partners, but not necessarily in response to internal political tensions or repression—at least not

¹Susan Shirk, *The Political Logic of Economic Reform in China* (Berkeley: University of California Press, 1993), p. 71.

unless that internal repression is particularly bloody and is featured on CNN.

Ironically, quasi-public financial institutions such as the World Bank and the Asian Development Bank (ADB) are also relatively unconcerned with China's internal political behavior. Aside from a brief hiatus after Tiananmen, the World Bank has rapidly expanded its lending activities to China, and the country is currently the bank's largest single borrower (\$13.5 billion as of May 1996).

Beijing has been increasingly assertive in negotiating the terms and conditions of these concessional loans. For example, in its lending practices to China the World Bank has shown far more concern for the environment than for political pluralism or the rule of law. The ADB is equally accommodating. Its five long-term strategic development objectives are "promoting economic growth, reducing poverty, supporting human development (including population planning), improving the status of women, and protecting the environment"—but nothing about political pluralism. With \$5.3 billion in loans as of December 1995, the People's Republic is the ADB's largest current borrower and third-largest cumulative borrower.

Regime economic security suggests that the Chinese Ministry of Finance will continue to exercise close control over concessional loans, and will strive to keep such loans free of conditions on domestic political change or economic reform when it threatens regime security interests.

CAPITALISM'S CORROSION EFFECTS

An equally important source of capital and technology for China is foreign direct investment. But from a regime security standpoint, FDI is a transmission belt of both the tyranny of markets and, more insidiously, the second moderating factor, corrosive capitalism. Once established inside China, foreign-invested firms can pose a competitive threat to state-owned enterprises; they can also spread unwelcome liberal practices such as organized labor unions and the rule of law.

For example, the state-owned enterprises problem reflects a collision between regime economic security and the imperatives of economic reform. The collapse of state-owned firms would pose a huge risk to the Beijing government. Millions of cashiered workers would spill into the streets of Beijing and other key urban areas. Collapse would

also shock the already weak state banking sector because of its huge lending exposure to the state firms. And it would devastate the industrial supply base of the PLA. Yet state-owned enterprise losses already account for about 5 percent of GDP, which represents a staggering drain on China's economy.

Regime economic security suggests that government authorities will resist economic interdependence when it undermines state-owned enterprises. A good example is China's embryonic industrial structure policy, allegedly formulated to promote pillar industries such as autos, electronics, and pharmaceuticals. This policy tightly restricts FDI in pillar industries; it also includes coerced technology transfer from foreign firms (as a condition for FDI and trade licenses), and a host of restrictive nontariff barriers. These protectionist tactics violate World Trade Organization (WTO) rules, as well as Organization for Economic Cooperation and Development investment principles.

Regime economic security also predicts that the government will stiffen resistance to other liberal practices by foreign investors. For example, organizing independent labor unions outside the state-controlled All-China Federation of Trade Unions will remain anathema to the state authorities.

AND IF THE CENTER CANNOT HOLD?

The third moderating factor, decentralization, which includes tax reform, privatization, and the free flow of information, would also undermine regime economic security.

Despite periodic so-called tax reforms—earnestly supported by the ADB—China's reformed tax system is no more objectively codified than the old tax system. The reforms have not brought more codification, transparency, recourse, or rule of law. Enormous latitude is still granted to government authorities to assess and collect a complex web of different taxes on the basis of negotiation, with a heavy input of *guanxi*, entertainment, back-scratching, and garden-variety corruption. This latitude increases with the level of authority, thus providing the government (and the Communist Party) with an intricate lever of power on a national scale.

The free flow of information presents a sharp dilemma to the Chinese government. It is hard to sustain a modern industrial economy without the open exchange of information; yet a truly free media could allow a local political spark to ignite

a national conflagration. The government has dealt with this problem by fighting a rear guard censorship campaign.

This campaign consists of self-censorship in the print media—enforced by the periodic prosecution of reporters for crossing the line—and direct censorship of the broadcast media, which are easier to monitor. Strong-arm StarTV to drop the British Broadcasting Corporation from its satellite transmissions into China is one example; Asia-Pacific Telecommunity Satellite (owned by several Chinese ministries) will go one step further by actually controlling the satellite transmission.

The computer-networking medium of the Internet and online services provides yet a third decentralization problem for the authorities, one that is less dangerous (at least today) because of a narrow audience, but somewhat more difficult either to monitor or censor. Regime economic security predicts Chinese experiments with network firewalls or other monitoring technologies for the Internet, and more heavy-handed interventions, such as the recent attempt by the Xinhua News Agency to monopolize inbound financial data services.

Oddly enough, regime economic security should encourage Beijing to strictly enforce intellectual property rights (IPR) agreements such as the WTO Trade-Related Aspects of Intellectual Property and the IPR agreement with the United States. These agreements would restrict the free circulation of many foreign materials and would improve the state's surveillance of publishing and media houses. Unfortunately, IPR enforcement collides at the local level with graft, local party interests, and the cash flow of some PLA units, thus rendering the IPR issue extremely painful for the regime in Beijing.

Regime security also creates an incentive for the Chinese government to regularize its tariff and customs procedures as required by the WTO. Such regularized procedures, combined with more sophisticated scanning technologies and data-processing systems, would assist the Chinese government in intercepting shipments of subversive materials. Widespread smuggling of everything from automobiles to narcotics suggests that China has lost control over parts of its borders. Regime economic security predicts that this is likely to change; China will establish stricter incoming customs and immigration controls even if it slows down international commerce.

PROTECTING WHO GETS WHAT

The fourth moderating factor, changing elite stakes, presents the Chinese government with the

most ambiguous trade-off between sustained economic growth and regime security. For example, the growing number of party members with technocratic backgrounds in the Central Committee and other party organs is changing the composition of the governing regime. But this technocratic metamorphosis is not necessarily making the regime any more accountable to outside parties beyond the selectorate or to the Chinese people.

Another example: the “princelings,” or *taizi*, the offspring of Beijing leaders who are intimately involved with China's international trade, are more closely identified with continuing the regime's monopoly of power than with economic progress. Many *taizi* have little enthusiasm for expanding liberal trading practices, a transition to political pluralism, or public accountability.

Moreover, the influence peddling of the *taizi* and millions of other party members is the well-spring of pervasive official corruption in the People's Republic. Corruption is a glue that binds the interests of the members of the regime, but it is also a major threat to the legitimacy of the regime and thus to regime security. But regime economic security predicts no real progress in stamping out corruption in China, simply because the three elements that would solve the problem—the rule of law, political accountability, and a free press—directly challenge the security of the regime. As a result, the party's periodic anticorruption campaigns will remain a tool of factional infighting.

The growing business interests of the PLA, another important element in the changing stakes of the elite, pose a similar tough choice for the regime. The party's control of the military is partly based on controlling the military budget. Independent income from PLA businesses tends to undermine this party check as well as corrode the operational efficiency and integrity of the officer corps. However, the PLA is playing a key role in the power transition from Deng Xiaoping (a military man) to President Jiang Zemin (a party man), and Jiang cannot afford to displease the generals. Moreover, in the future the party will have to call on the PLA, as well as the People's Armed Police, to suppress popular dissent.

Regime economic security dictates that the commercial interests of PLA-affiliated businesses will take priority over economic efficiency and normal commercial interests. For example, WTO principles of public procurement and transparency conflict with the business practices of PLA-affiliated enterprises in civil engineering, transportation, and telecommunications; these principles will

likely get short shrift by the regime when economic integration looms.

In sum, regime economic security predicts that the central government will broadly resist the domestic impact of interdependence. The cumulative effect of this resistance may explain the general slowdown in the speed of China's integration with the world trading and financial systems—what Margaret Pearson describes as a “plateau.” She suggests that “China views the process of integration through a model [under the terms of which] it is practical and optimal for China to control carefully the process and depth of the country's integration. Full integration is only one outcome, and for a country with the degree of leverage China has [particularly with its large domestic market], it may only be possible to integrate in ways that suit the beliefs of the dominant leadership.”

Given this plateau in the rate of integration, what sort of policies does China's regime economic security suggest for Japan, South Korea, and the Association of Southeast Asian Nations (ASEAN), as well as Europe and the United States, in their long-term strategy toward China?

The first element of any policy is a clear realization of the consequences of the failure of economic engagement of China, and for realistic expectations about the rate of change that may result from economic engagement. The goal of economic engagement is not necessarily Western- or Asian-style democracy, but rather political moderation and a modicum of pluralism.

For example, if the central government were to collapse and not be replaced by another effective civil authority, then any security threat posed by China would be replaced by terrible costs in human suffering: floods of refugees, famine, disease, crime, drug trafficking, environmental disaster, and international terrorism. The peaceful devolution of power is a tricky process, and the mechanisms by which economic integration is supposed to bring about political moderation are not well understood: some of the consequences of economic integration can actually undermine stability, and the positive consequences of economic engagement appear to take a long time.

Despite this note of caution, it is very much in the interest of the pluralist countries of Asia, North America, and Europe to persistently counter Beijing's resistance to the threats posed by interdependence to regime economic security. If China is permitted to merely pick and choose which aspects of integration it finds palatable, and to

resist those that push in the direction of moderation and pluralism, then the time scale required by economic engagement will stretch toward infinity.

Both bilateral and multilateral negotiations with China should be used to selectively advance the very practices that threaten the regime, including the rule of law, transparency, the free flow of information, a regularized taxation system, independent labor unions, a reasonable degree of rectitude on the part of public officials, and a level playing field for all enterprises, including state-owned and PLA-affiliated firms. This also includes a key role for the World Bank and the ADB in advancing liberal practices and political pluralism as a condition for sustained lending activity to China.

In general, the North Americans and the Europeans appear more willing to advance liberal practices in China than the Asian states. American officials are increasingly suspicious of the depth of the Chinese government's commitment to the free trade principles of the WTO, and are taking a tougher line on the conditions of China's entry into the WTO—a line that is being supported by the European Union as well. Asian authorities—including Japan, South Korea, and ASEAN—have been publicly circumspect about China and the WTO. This reluctance to help “bell the Chinese cat” is due, among other things, to Asian success at industrial structure policy, widespread mercantilist practices in the region, unpleasant experiences at the hands of the United States trade representative, and a general distaste for Western hectoring of the Chinese.

But China is not a monolith; there are fissures in the facade of regime economic security and the outside world would do well to exploit them where possible. The desire to stifle the free flow of information may collide with the investment of PLA-affiliated enterprises in telecommunications. Rich provinces, which have influential members on the Central Committee, may support the rule of law if it can keep their assets from being expropriated by a revenue-hungry Ministry of Finance in Beijing. *Taizi* equity interests in importing firms may help resist arbitrary taxation or tariffs. A state-owned enterprise may embrace the WTO if a joint-venture partner or foreign export market is its only path to survival. All this suggests that outside actors should not deviate from the long-term goal of peaceful economic engagement but react with a large measure of flexibility and pragmatism to China's response to what it sees as threats to its regime economic security. ■

Who is Deng Xiaoping? The man so often referred to as China's paramount leader holds no official government or party posts and has not appeared in public since February 1994. Lucian Pye explores how Deng came to hold such power without the traditional trappings associated with it.

The Leader in the Shadows: A View of Deng Xiaoping

LUCIAN W. PYE

Perhaps never in human history has an established society gone through such a total transformation—without a war, violent revolution, or economic collapse—as did China with the ending of Mao Zedong's reign and the emergence of Deng Xiaoping as paramount ruler. The leitmotiv of Mao's China was orthodoxy, conformity, and isolation; a whole people walking in lockstep, seemingly with only one voice, repeating one mindless slogan after another. All Chinese appeared to be united in a state of egalitarian autarky. To have read one newspaper was to have read them all; to have heard one official's briefing was to have heard them all.

In amazing contrast, Deng's China was a congeries of elements, not an integrated system at all. Regional differences suddenly surfaced. Some urban centers vibrated to the currents of international commerce, its youth in tune with the latest foreign fashions, while the great rural masses reestablished bonds with their ancient folk cultures; and nearly everybody rejoiced over the ending of Maoist orthodoxy and politics by mass campaigns. Above all, economics and politics seemed to adhere to different rules, so that there was openness here, controls there. All the different voices saying different things made it hard to hear any one authority giving vision and guidance. As the people scrambled to look after their private selves, corruption seeped in, and while the government did not seem really to expect people to obey all its orders, it also acted erratically, sometimes cruelly.

LUCIAN W. PYE is a professor of political science at the Massachusetts Institute of Technology. This article is excerpted with permission from "An Introductory Profile: Deng Xiaoping and China's Political Culture," *The China Quarterly*, September 1993. Copyright ©The China Quarterly.

Politics in Mao Zedong's China was theater, and there was constant drama, albeit in a tiresome Chinese style. The chairman was a master manipulator of public sentiments. Political life was an incessant stirring of emotions, as the whole society careened first in one direction and then another. But in the implementation of public policy, Mao's record was unimpressive, except for the appallingly cruel treatment of people. No other Chinese ruler matched him in the number of people killed, banished from their homes to rural exile, imprisoned in the gulags and in the caste-like categories of class identities, and starved in policy-produced famines.

In modern times the Chinese have proclaimed one "revolution" after another, but with only modest actual progress or change; with the more humble label of "reform," Deng's rule brought a real revolution. Yet in Deng's China there was no visible leader, no conductor, indeed no orchestra. Everyone of course knew the name of the paramount leader, but he rarely made a public appearance. State policy was, however, extraordinarily beneficial to the Chinese people. China experienced genuine economic progress: living standards dramatically improved, people became freer to move about and attempt to better themselves, and instead of hearing only empty promises they could begin to see substantive advances in their lives. China at last began to take on some of the appearances of a modern society, albeit a less developed one.

THE MAGICIAN . . .

The changes seemed nearly miraculous, and it is therefore understandable to ask how far Deng Xiaoping should personally be credited. It must be

acknowledged at the outset that it is far from easy to arrive at firm answers about Deng's eventual status, especially because he chose to operate in quiet ways often out of the public eye. Deng was like the Chinese magician who, in his unassuming manner and dress, is no different from his audience and whose prattle suggests that he is as surprised as the audience at the wonders taking place—not at all like the Western magician who is as much the center of attention as the feats he performs. The extraordinary and dramatic changes in China would seem to have called for a larger-than-life charismatic leader-magician who could project his persona to captivate the imagination of a whole population. Yet Deng rarely appeared in public and almost never used the mass media personally.

There was something strange, almost unnatural, in Deng's approach to television. First he brought it to China so that more than 560 million people could watch it every day. But then, during the years he controlled the state's propaganda apparatus and had an urgent agenda for change, he unaccountably shunned using what is manifestly the most powerful technology yet invented for mobilizing public opinion.

Imagine what a Gandhi, a Nehru, a Nkrumah, or any other modern national leader trying to educate his public would have done if he had the reach of China Central Television available. Western political consultants would have advised Deng to exploit vigorously his access to television to get across his message of change.

The potential payoffs from television that Deng had earlier denied himself were dramatically demonstrated in January 1992, when he was persuaded by his *mishu*, or faithful secretary, Wang Ruilin, and his two daughters, Deng Nan and Deng Rong, to make a trip to southern China during

which he briefly appeared on television. The act electrified the entire country, suggesting to the Chinese that politics had again been turned around, and the way was opened for the publication of a spate of articles praising more economic liberation and reform. It seems undeniable that at any time in the late 1980s and early 1990s Deng could have severely set back his political opponents by openly attacking them with the novel power of television, but he never made such a public move. If he truly wanted to overwhelm the so-called "hard-liners," his leftist enemies, and open the way to uninterrupted reforms, why had he not years before mounted a concerted campaign in the new electronic medium, thereby mobilizing the Chinese people who were craving progress?

The reason is simple: Deng was behaving like a conventional Chinese political leader. This apparent self-denial was only peculiar from a Western point of view. What Deng did was totally normal according to standard Chinese practices. The great leaders of traditional China were all supposed to have unassuming manners and private virtues, and none of the oratorical skills or the heroic posturing of Western leaders.

China does not have

the finger-pointing, sword-waving, horseback-riding statues that can be found throughout parks in Western cities. Deng's quiet approach to leadership conformed to important norms in traditional Chinese political culture, a political culture that was shaped by the role model of mandarin-bureaucrats and semidivine, superman emperors, leaders who operated out of sight, secretly, behind the scenes.

To understand Deng's accomplishments in the context of Chinese culture it is necessary to start with a paradox: although Deng Xiaoping was the paramount leader during what has been China's most revolutionary period of change, his style of



China's paramount leader at age 86.

leadership was more traditional than that of other recent Chinese national leaders. Deng's behind-the-scenes leadership and his nonuse of television were indeed extraordinary examples of the supremacy of culture over structure and rationality in responding to new technologies.

In all cultures the mystique of authority rests on the illusion that rightful leaders are somehow different from the mass of people. The magic of authority resides in the mind of a public eager to show deference to its leaders. With cunning wisdom, the world of Chinese officialdom long operated on the principle that the best way to exploit such fantasies of omnipotence was to keep top leaders largely out of sight.

The Chinese logic that, the greater the leader the more invisible the personage, contributed decisively to the total failure of the Chinese to develop the arts of oral persuasion as nurtured and admired first in Athens and Rome and then in parliaments and congresses. Modern Chinese national leaders risked diminishing their aura of greatness by speaking publicly, an activity generally left to lesser figures who could not hope to raise their prestige by engaging in the shrill shouting and barking that passes for oratory in China.

Deng's refusal to mount the political stage and exploit the manifest powers of modern mass media technologies thus conformed to a long-standing Chinese tradition. But it was not just the Chinese people who assumed that they knew all that was necessary to fathom Deng's goals, values, and political methods. China-watchers in the West also claimed to understand this nonpublic man. Deng's image as a superman was most vivid for those who were the most removed from the realities of his rule. Like Gorbachev's, Deng's popularity was greater with Westerners than with his own people. *Time* magazine twice chose Deng as its Man of the Year even though the magazine's editors could provide no empirical evidence that he had actually caused what they found good in China at the time, or that he believed what they thought he believed.

...AND INVISIBLE PUPPETEER

Since Deng Xiaoping did not operate as a public figure, people had to assume that his greatness lay in his ability to manipulate events from behind the scene, much like a puppeteer. But how did he do it?

Seeing the man in person provides no clues. He enters the room at the slow, unanimated pace at which great authority is expected to move in China, the exact opposite of the vigorous American politi-

cian or executive. He is surrounded by his assistants, all of whom seem a head taller. It is said that he is five feet tall, but that is surely an exaggeration. He awkwardly greets his guests; his handshake is limp, without life, almost as though the nicotine stains had taken all the strength from his fingers. As he settles into an overstuffed chair his sandaled feet barely touch the floor, and indeed hang free every time he leans forward to use the spittoon. His provincial Chinese haircut brings out the contours of his skull to make his head seem even bigger than it is, an impression that is exaggerated because he appears to be almost without a neck.

He doesn't bother to communicate any emotion. Even when he throws back his head for a ritualized, cackled laugh there is no sign of real feelings. As a host he makes a feeble pass at being jovial, but he is not warm; indeed, he seems oblivious to the uses of charm. When he speaks of enemies, such as the Soviet Union or the Gang of Four, it is without animus but straightforward and low key. He is known to rattle off statistics in the manner of Chinese cadres who strive to suggest by extreme precision that they are in command, or at least that they have good memories. He has an atrocious Sichuan accent that makes his words slur together in a gargle. Like Mao, who in his old age became unintelligible to all but his faithful interpreters, Deng in his last years usually has his aides at hand—primarily his daughter—to make his utterances into intelligible communications.

To the observer he reveals not a hint as to how he was able to manipulate people and lead a huge nation. There are few signs of liveliness of mind, of wit or humor, and no sustained, systematic pursuit of ideas; only cryptic remarks, shorthand indications of opinions, or dogmatic assertions of policy.

People come away from meeting Deng Xiaoping with different reactions. Not surprisingly, many are convinced that they have discovered that what they wish for China is also what Deng wants. For some, however, the most lingering impression is the absence of any signs of affect, no hints as to his understanding of how emotions work. What he has to say is straightforward enough, but there is no attempt to reach out and win over others by the bonding powers of sentiment. Equally, there is no attempt to awe his audience, or to capture its imagination. One could call his approach businesslike; it is, however, not surprising that former Secretary of State Henry Kissinger, who was peculiarly sensitive to the workings of personal chemistry in diplomacy, concluded that Deng was a "nasty little man."

Deng did not physically communicate the secret of his greatness because the mystique of what was special about him could not be seen. But by doing almost nothing to cultivate his public image or persona, Deng went well beyond the traditional avoidance of public posturing by Chinese leaders. It was not that he discouraged any suggestion of a cult of personality; he actually seemed to work at creating his anonymity. He rarely attended any of the grand international meetings where he could have rubbed shoulders with other world leaders. In contrast to Mao, Deng managed China's foreign affairs with a less personalized form of diplomacy.

Within the sphere of China's leadership, he could easily have been the prime minister or party chairman after the removal of Hua Guofeng from those posts, yet he chose to be merely a deputy prime minister, a designation that created awkward protocol problems for the world of diplomacy, precisely because everyone knew that he was in fact the supreme leader. And eventually, presumably to gain even greater power, he abandoned all posts and offices to be just a common citizen who also happened to be China's paramount leader. As such he must have been the most powerful private person in all of Chinese history. But any formal office would have limited his powers. People were thus free to imagine him as being truly omnipotent, far more in command than if his powers were only those assigned to a particular person or job.

By not having a formal rank and office, Deng also was able to avoid accountability. With no assigned post and no set responsibilities, risk taking became possible. This puppeteer was truly invisible, for he did not appear to have his hands on any recognizable levers of power, and was happily freed from all the customary standards for evaluating performance. How could one criticize someone who was an elderly private citizen, who played bridge with his cronies twice a week, went swimming regularly, happily chain smoked, and played with his grandchildren every day? But in the end accountability could not be entirely avoided, and when things did go wrong, such as the Tiananmen massacre, for example, Deng became the target of diffuse and equally unbounded blame from both foreigners and Chinese.

CLIMBING THE GREASY POLE

To understand how this seemingly ordinary and unassuming man could have so dramatically changed the lives of nearly one and a quarter bil-

lion people, it is helpful to begin by asking how he became paramount leader in the first place. He was neither popularly chosen nor legally designated. Instead, several factors in Chinese political culture helped produce a vague and indeterminate process that without much turmoil yielded the unarticulated consensus that Deng Xiaoping should be China's supreme decisionmaker after Mao.

Deng's elevation was furthered by the extraordinary and instinctive deference the Chinese give to old age and seniority, a propensity underlying the Chinese tendency to have a semipermanent gerontocracy. By merely being one of the Communist Party elders, a Long March veteran, a colleague of Mao Zedong, Zhou Enlai, and all the other heroes of the party, Deng was enveloped by the aura of unchallengeable authority and thus automatically anointed a leader.

The authority of age reinforced the Chinese manner of not distinguishing between status and power. People with high status are simply powerful figures, regardless of their formal positions or offices. Therefore Deng's status as the senior Great One meant that his views and preferences had to be respected over the views of those who merely had official positions; and the power inherent in status ensured that there could be no real retirement for those who were known to be important.

In speculating about Deng Xiaoping's ultimate place in Chinese history one needs to keep in mind that Chinese respect for age is, in a peculiar way, countered by a powerful cultural propensity to give only lip-service respect to the dead while easily ignoring their last wishes, if those happen to be inconvenient. A culture without a strong legal tradition has no way of enforcing the last wills of the deceased, and in China it was enough merely to show ritual respect to the spirit of the dead. Furthermore, the Chinese rule is, "Speak no ill of the elders—until after they die."

The treatment of Mao confirmed this rule. He was totally above criticism until his death, and then it became commonplace to fault him, especially for his last years when he was, ironically, the elder beyond criticism. With few exceptions, Chinese heroes honored in life are seen after death to be flawed men with feet of clay. In other cultures time seems to work to enlarge the reputation of deceased heroes, but in China the popular images of Sun Yat-sen, Chiang Kai-shek, and Mao Zedong have all shrunk with time. This helps to explain the Chinese paradox of having living leaders who are larger than life but of not having an established

pantheon of great heroes. (Deng will almost certainly be criticized after his death since he had few endearing qualities.)

Deng's rise to power was facilitated by the situation in China after Mao's death. He benefited from the two most profound but paradoxical legacies of the Cultural Revolution. That decade of horror shattered whatever illusions the Chinese had about the potency of ideology; above all, it left them profoundly cynical about Marxism. Yet it also taught the Chinese that the dangers of anarchy were very real and intensified their deeply held cultural fears of *luan*, or disorder. As a consequence, they wanted an end to ideological politics but they also remained fearful of unpredictable change and hence sympathetic to heavy-handed authoritarianism, even to the point of tolerating and rationalizing the need for repression. This distinctive combination of attitudes provided the basis for legitimacy for the Deng era. The Chinese people had clearly had enough of grand collective visions and were ready to focus on private concerns, but at the same time they wanted political stability and public order. For the authorities this meant they needed to keep their own power struggles muted, but it also gave them justification to use force to repress political dissent.

Deng caught the Chinese public's imagination by becoming leader at a time when all Chinese wanted to rid themselves of the memories of the Cultural Revolution. Nobody associated with the horrors of that awful period of Chinese history could have effectively ruled the country. Once Deng, who had been a prime target in the Cultural Revolution and sent into exile, was rehabilitated and back in Beijing, he was universally seen as an innocent and victimized comrade, and thus a deserving hero who was also remembered as a leader during the "good years" before the "lost decade." His son Pufang had been permanently crippled by the Red Guards when he was thrown from a fourth floor window at Beijing University. Deng's younger brother committed suicide for being related to the "Number Two Capitalist Roader."

With revulsion over the Cultural Revolution dominating public sentiments, it did not take much skill for Deng to push aside those who were close to Mao when the chairman plunged the country into disaster. Deng could go about quietly removing, first, the hapless Hua Guofeng, whose claim to leadership rested solely on Mao's mum-

bled words, "With you in charge, I'm at ease." Then it was equally easy to purge others such as Wang Dongxing, the head of Mao's bodyguards, Wu De, the mayor of Beijing, and anyone else tainted with bad memories from the Mao era.

The Chinese public welcomed Deng's businesslike style of speaking whatever was on his mind. After Mao's hyperbole and the decades of Aesopian language on the part of all Chinese leaders, it was as though a window had been opened to let in fresh air when Deng spoke out. He did not seem to have a hidden agenda, and he was not trying to be clever. At last there seemed to be a degree of honesty and down-to-earth common sense in China's political language. But over time, as Deng settled in as paramount ruler, his language did revert occasionally to the old Communist mode. He began to make preposterous boasts about Chinese socialism surpassing the advanced industrial countries while slipping more and more into cryptic slogans for guiding the country's business. (After the collapse of the Soviet Union, Chinese officials had to try to make sense out of Deng's dictum that "One cold war is over, two new ones have started.")

Secretary of State Henry Kissinger... concluded that Deng was a "nasty little man."

As the reforms began to take shape under his formal guidance, Deng seemed to be operating without a set plan or a complete vision of what he wanted for China. Rather, he was primarily responding to the universal desire of the Chinese people to escape from the stifling effects of Mao's rule. All Deng had to do was to revive one of Mao's epigrams, "Seek truth from facts," and add his own, "Practice is the sole criterion of truth," to be seen as heralding a new day for China. The Chinese had had enough of impossible dreams, and as they came out of their times of folly they were jolted into an awareness that China was not leading the world into the wonders of communism but rather stumbling far behind not only the West but all its Asian neighbors.

AUTHORITARIANISM TEMPERED WITH ANARCHY

Deng thus became the symbol of the times at a moment in history when China had to break out of its isolation, abandon its absurd ideological rhetoric, and let in a little common sense. While this process was taking place, Deng benefited from the Chinese mystique about leadership. Following the imperial tradition, the Chinese assume that there is always a superior figure responsible in a

vague way for whatever is happening in the country, and even in nature. The emperor figure is ritually bound to the country's fate, but not in the precise and indelible way greatness is established in Western cultures. The Chinese measure of greatness is limited almost entirely to private virtues, not public skills.

But why was Deng's traditional Chinese approach to leadership so effective in the post-Cultural Revolution environment? The non-public leadership style of the mandarin-bureaucrat was designed to be effective when there was an entrenched bureaucratic state and a society hierarchically ordered and well established. Post-Cultural Revolution China, in contrast, was in a state of disorder because Mao had disrupted the party and the government and had shattered public institutions.

Paradoxically, two key features of Chinese culture made the mandarin-administrator's role an effective one even in such chaotic circumstances. First, the period of disorder had left the public intensely anxious to find stability and order, and for the Chinese this meant seeking hierarchical arrangements. People wanted to know who they should look up to for guidance and thus they needed a clear sense of who was superior and who was inferior. Second, their reaction to their anxiety was to adhere ever more strongly to their basic communitarian or group-oriented values—that is, they wanted to belong to some sheltering group. This combination of seeking out their assigned group or collectivity and, once in their offices, factories, schools, neighborhoods, or communes, of spontaneously arranging themselves in their proper hierarchical slots, meant that a remarkable semblance of order was restored in record time immediately after Mao's death. People who only a year or so before had passionately clashed with each other were now able to work together.

Deng's basic approach of not trying to command and control totally but allowing a great deal of independence and autonomy, and above all delegating authority, were what China needed. The people could feel that even though they could not see him at work, Deng as their paramount leader was in full control. The public mood and the objective circumstances in China when Deng came to power were ideally suited for the restoration of the basic essence of the traditional Chinese style of government. The topmost leaders could solemnly proclaim an ideology that required only lip service; lesser officials could freely practice feigned com-

pliance (and as long as they did not challenge the ideology they could do what they thought best for themselves and their communities); and the masses could pursue their own interests as they operated in their small groups. In a phrase, it was a form of authoritarianism tempered with anarchy.

THE MASTER ADMINISTRATOR, CHINESE STYLE

Deng's approach to government was that of the behind-the-scenes manipulator, the master administrator. To the Western mind, imbued with the principle of rule by law, the concept of an administrator suggests careful attention to regulations, details, processes, procedures, and forms, while remaining impersonal, unreachable to special pleading and totally task oriented. In China, coming out of a very different mandarin-magistrate tradition, the ideal administrator, while possessing some of these qualities, was primarily the skilled master of human relations. The key to manipulating power was knowing how to read human character so as to spot individual strengths and weaknesses, with the ability to control subordinates, manipulate superiors, and play off equals.

Confucian mandarin-administrators could build *guanxi* networks, or webs of personal ties, while always pretending to observe propriety according to a moralistic ideology. When they turned their attention outward to deal with the public they followed two somewhat contradictory rules of behavior. They were expected to be benevolent toward the people and sensitive to their basic wishes and desires. They were also called on to be personally involved in the punishment of wrongdoers. Unlike the Western bureaucratic administrator, the Chinese mandarin had to prove himself capable not just of ordering penalties but of actually supervising extremely harsh forms of torture.

In following the Chinese administrative tradition, Deng was the master of the insider's art of personnel management. As for his approach to the public, Deng was sensitive to the people's wishes: he understood their craving for economic progress and improvements in their material well-being. He knew that people wanted a better life for themselves and their families, and that they would respond enthusiastically to material incentives. But in the Chinese tradition he also accepted the need to be ruthless in administering punishment if necessary.

Throughout his career Deng cultivated an image of toughness, of being anxious to make hard choices, to take on challenges, to prove that he was not afraid of a fight. Westerners generally find it

difficult to reconcile Deng's sympathy for the people's welfare with this posture of toughness. Deng gained a reputation for it early, while carrying out the land reform program, by urging peasants to kill landlords because, as he said, once they had blood on their hands they would be loyal to the party. In intraparty struggles he had the reputation of being the hard-headed, aggressive investigator of misdeeds and of standing up to the Soviet leadership in polemical battles. And, of course, there was his "Three Don't Be Afraids" speech during the Tiananmen crisis in which he told the Politburo that it should not be afraid of foreign opinion, public reactions, or the shedding of blood.

It was the way in which he played the insider's game that made Deng the quintessential Chinese administrator. He understood that power resided in the management of officials. Yet Deng was also almost unique among Chinese leaders in his understanding that it was possible to delegate responsibilities while staying in total command. His distinctive leadership style was to find the right person for each job and then to step back and allow the appointee to perform, a very untraditional Chinese practice. It was second nature for him to leave lesser officials to work out problems on their own. Mao's style was that of reigning and ruling; of withdrawing from daily operations for long periods, but then coming in and troubling himself with all manner of petty details. Deng rarely intervened in details, except in the making of personnel appointments. Thus, much of the specifics of the economic reforms can be credited to Prime Minister Zhao Ziyang, and the cultural opening to General Secretary Hu Yaobang. All these characteristics of Deng as the behind-the-scenes administrator suggest an extraordinarily self-confident and secure personality.

THE LIMITS TO PRAGMATISM

It has been conventional to summarize Deng Xiaoping's political philosophy with the single term: pragmatism. Deng earned the label largely because of his often quoted statement that, "It doesn't matter whether the cat is black or white as long as it catches mice." This suggested that he was unencumbered with ideological constraints and thus would be able to focus on efficiency as his guiding principle. To a large degree this was a fair judgment as far as economic policies were concerned. By restoring the reign of common sense and abandoning the more egregious follies of Mao's economic

policies, Deng did preside over a transition to a more efficient economy. Certainly he was not ideologically troubled by the differences between the public and the private sectors of the economy; the rule was simply "getting rich is glorious."

But even in the economic realm there were limits to Deng's pragmatism. He replaced the elitism of ideologues with an equally elitist view that technocrats had almost magical powers to bring about economic development. One can read Deng's *Selected Works* and find no evidence that he appreciated the true functions of markets and entrepreneurs, or even the basic rationale for price reform. What one finds instead is his strong faith in technocrats, technology, and people's preoccupation with material betterment—all of which could be consistent with continuing the state enterprises while trying to make them more efficient. In this respect Deng might properly be classified with some of the leaders of the developing East Asian countries, from South Korea to Singapore, who found a positive role for state intervention in speeding up economic development.

There were other significant limits to Deng's pragmatism. The most important become self-evident when the division between economics and politics is taken away. Politically there were certain values Deng would not sacrifice for the sake of economic efficiency, the most important being the organizational integrity of the party and its monopoly on political power.

This still leaves open the question of Deng's motivations about political power. Did he have only a "pragmatic" objective of power for power's sake? Or did he have a more "sacred" mission for which he felt it essential to monopolize all power? The more one probes for hints of Deng's real political objectives, the more it seems that he was in many ways surprisingly ambivalent about change for China.

Deng wanted to see China wealthy in a materialistic sense and strong internationally, but he also feared that China could be robbed of its essence and contaminated by foreign influences. Deng's ambivalence was thus similar to that of the first generation of Chinese reformers who, in the nineteenth century, formulated the idea of adopting Western technology while preserving essential Chinese values. Their formula was that values could be categorized as either *ti*, which are "essential" and hence Chinese values, or *yong*, which are merely utilitarian," and thus useful. But in Deng's

case there was one critical difference: the *ti* he would protect from the "spiritual pollution" of "bourgeois liberalism" in building his "socialism with Chinese characteristics" was in fact already a foreign import, Marxism-Leninism. Like the turn-of-the-century reformers who thought it possible to welcome Western technology while preserving Confucianism, Deng believed it possible to have economic development based on Western capitalistic methods while preserving in the political realm the Four Cardinal Principles of Marxism-Leninism.

The *ti-yong* formula never worked for precisely the reasons that the conservatives who opposed the 1898 reform movements had pointed out: it is impossible in practice to separate values arbitrarily and to erect a wall between the mental state that goes with understanding modern technology and the sociopolitical sentiments of modernity. Indeed, the formula had it the wrong way around; modernization calls for the acceptance of universalistic values associated with the world culture, though adapted to local, parochial conditions. The *ti* has to be the universal values, and it is the *yong* that should be related to Chinese realities. Deng's goal of seeking "socialism with Chinese characteristics" may turn out to be a half-step in the right direction in that it acknowledges that the universal should be a foreign import that can be adapted to Chinese conditions. Maybe, as the bankruptcy of socialism sinks into the Chinese consciousness, the formula will be changed again, to "modernization with Chinese characteristics," which might finally put China on a firmer path to progress.

DENG IN THE CHINESE PANTHEON

What is Deng's likely place in history? His ultimate standing will depend on what happens next in China. It will be decisively influenced by the immediate reactions at the time of his death and the more long-term prospects of his policies. In the short run much will depend on whether his successor chooses to establish his own legitimacy by identifying himself with Deng—as Hua Guofeng sought to identify with the memory of Mao—or whether he will seek to distance himself from his predecessor, as Deng did when he made the Gang of Four the sole villains for all the horrors of the Cultural Revolution, thereby shielding the system itself from fundamental criticism.

With respect to more long-range developments,

events in China could go in quite different directions. It is entirely possible that Deng's efforts to realize economic progress without political liberalization will not work, and that political change will indeed come about. If this were to happen, history would record that Deng opened the way to forces he could not regulate. He would then take his place alongside Gorbachev: two men who started processes that went beyond their control and who consequently will be seen as somewhat failed leaders. Deng's successor might then become China's Yeltsin.

It could turn out that authoritarian repression will continue in China despite economic advances. This would seem to be Deng Xiaoping's preferred course, but if this should be China's fate, then it would again be Deng's successor who would be acclaimed by history; he would be the one who had defied the predictions of modern social science and kept China in an unnatural state of sustained repression.

Between these extreme developments there is the not at all unlikely possibility that China will continue to experience significant economic growth but only limited modifications to its repressive political system. There might be a revival of the concept of "neoauthoritarianism" as a form of "soft authoritarianism" that is compatible with continued modernization and in which Deng's successor would play the role of dictator rather than tyrant. If this were to happen, judgments about Deng's ranking in history would differ according to whether he is viewed through the perspective of economic progress or that of human rights. He would be praised in one regard and damned in the other.

The most confident overall judgment one can make of Deng Xiaoping's place in history is that he will be seen as the man of the moment during a transition decade in China's slow progression to modernization. He was the man on the spot when the Chinese were ready to turn their backs on the Maoist road to modernity. He was also wise enough to tolerate half the changes progressive Chinese craved: those that gave China substantive economic progress. The changes he refused to tolerate were the political freedoms essential for building a civil society. In the annals of history there is only a small chapter devoted to those who have advanced economic progress. The big chapters are reserved for those leaders who brought political freedom and security to their people. ■

“[T]he military clearly retains a pivotal decision-making role both in ratifying [China's] next leader and in influencing its foreign policy. What is less clear is in what direction it will choose to move.”

The Military's Uncertain Politics

JUNE TEUFEL DREYER

The People's Liberation Army continues to play a crucial role both domestically and internationally in China. Yet the relationship of PLA commanders to civilian leaders remains murky, as does the nature of their foreign policy advice to those leaders. Nor is it at all clear that the PLA speaks with one voice.

NATIONAL GUARD OR PALACE GUARD?

President Jiang Zemin's ongoing efforts to sustain himself in power after the death of paramount leader Deng Xiaoping have had a direct effect on the fortunes of the military. Personnel changes, inspection trips, and sloganizing provide clues to the power politics that have motivated these actions.

The first important personnel change Jiang undertook was to diminish the power of the Yang faction of the military. In 1992, Jiang joined forces with several generals, nearly all from Shandong province, to sever the connections of Yang Shangkun and his younger half brother, Yang Baibing, with the PLA, as well as forcing the resignation of a large number of other officers whose careers had been linked with the Yangs. (The siblings were believed to be attempting to make the army a vehicle for their own political ambitions.) The upper echelons of the military, always disproportionately populated with Shandongese, became even more so thereafter.

Jiang's appointment in 1993 of Ba Zhongtan, a protégé from Jiang's days in Shanghai, to head the People's Armed Police was widely interpreted as an effort to counter the power of a putative "Shan-

dong faction." Since the PAP was founded only in 1983 it, unlike the PLA, does not have entrenched power groups that might offer resistance to Jiang. Considered very much Jiang's man, Ba was, ironically, also born in Shandong and had retired as Shanghai garrison commander in 1990.

Jiang then began to enhance the prestige and prerogatives of the PAP. He explicitly stated that the police force's primary role was to deal with any domestic crises; the PLA would be called on only in situations the PAP could not handle. Meanwhile, it was reported that the PAP's budget had increased 30 percent a year—far more than the regular army's publicly announced budgetary increments. Its equipment was upgraded and training schedule enhanced. The PAP's force level was to expand from 700,000 to 1.3 million even as the regular army was being reduced to under 3 million.

At least 20 PAP officers were promoted from senior colonel to major general; previously only 2 PAP members had held that rank. Ba Zhongtan was promoted from major general to lieutenant general, and it was rumored that he would soon become a full general. Presumably, all future PAP commanders would hold that rank as well, indicating an effort to give the People's Armed Police a status comparable to that of the PLA (the martial law legislation passed by the National People's Congress in 1996 specifying that its enforcement would be primarily the responsibility of the PAP offered further evidence of this effort).

None of these actions are inherently sinister. As was noted, Ba Zhongtan himself was born in Shandong; if his primary loyalty were to Jiang rather than to his native province, it is not inconceivable that other high-ranking Shandong officers could also be loyal to Jiang.

Moreover, it is logical that a country's police force should be used to put down domestic unrest while its regular military guards against foreign

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attack. The PLA had been brought in to deal with the demonstrations at Tiananmen and elsewhere in China in 1989 only when the PAP proved unequal to the task. Several PLA commanders and an even larger number of junior officers had been reluctant to intervene against the demonstrators, believing it was an inappropriate use of their troops. Expanded numbers and better weapons and training for the People's Armed Police can be seen as an attempt to ensure that the PLA will never again need to be called on to deal with domestic disorder.

An alternative interpretation held that Jiang's motive was to re-create the PAP as his personal palace guard to deal with his rivals in the power struggle likely to take place after Deng was at last laid to rest. Proponents of this view point to the shift in command of the PAP in 1995 from the ministry of public security to that of the Central Military Commission, which is chaired by Jiang himself. They also note the respect with which the PAP has been treated by other law enforcement entities. When PAP personnel transgressed—as allegedly happened with some frequency—other security forces were reluctant to intervene.

If Jiang's real motive had been to create the PAP as a counterweight to the PLA, subordinating the PAP to the Central Military Commission—whose members, except for Jiang himself, are all senior PLA officers—would not have been a wise move. A better strategy would have been to subordinate the PAP directly to himself, or to route it through a hierarchy that does not include the PLA.

In addition, although these measures to enhance the power and prestige of the PAP were said to have angered PLA commanders, Jiang was careful to court the regular military establishment as well. The number of full generals (three stars in the PLA's command structure) increased noticeably, with Jiang personally presenting the awards. Among the individuals honored were the commanders and commissars of China's seven military regions, who had previously been two-star lieutenant generals. Rank inflation was intended to buy their loyalty to Jiang.

Newly passed rules mandating the retirement of senior officers at age 65 were enforced, thus ensuring a steady turnover among top personnel. Transfers between and among military regions of commanders and commissars who had not yet reached age 65 took place at two- to three-year intervals. This also guarded against the entrenchment of military power in a particular geographi-

cal area, with its potential for resistance to central government control.

JIANG COURTS THE MILITARY

In November 1995, Jiang spent more than two weeks inspecting military units in and around Shanghai; he reiterated the need to uphold the party's leadership over the PLA and to follow closely the directives of the party's Central Committee. Liu Huaqing, the Central Military Commission vice chairman, urged that priority be given to ideology in building the military. Units were reported to be enthusiastically studying Jiang's rather bland "general requirements for army building during the new period," including "political reliability, military competence, a fine work style, strict discipline, and adequate logistical support." The official Xinhua news agency said these study sessions were using Deng's theories for "guidance" and Jiang's as "the key discussion points." Xinhua's choice of words seemed to indicate an effort by Jiang to establish his own credentials while maintaining some ties to his mentor.

Ordinary soldiers were reminded of Jiang's care and concern for them by his frequent visits to far-flung units. News reports noted that Jiang mingled with the troops, asking questions and listening to their concerns, "thereby forging close ties between the supreme command and frontier officers and men." In January 1996, the military's food allowances were raised by an average of 0.5 yuan, the fourth increase since 1993. The PLA's official newspaper, *Liberation Army Daily*, noted that, given the state's many pressing financial concerns, finding the money to fund this improvement in military rations had not been easy. In reality the increase amounted to less than 10 cents per day. Given China's inflation rate, this may not have been sufficient to keep soldiers' meals at previous levels, much less improve quality or quantity.

Jiang's rivals were not visibly cowed by his efforts to consolidate power. Yang Shangkun's formal ties to the military were severed in 1992 but he has maintained an active schedule. Though in his late 80s, Yang made an inspection trip this January and February to the Shenzhen and Shantou special economic zones, followed by visits to various locales in Fujian province. In April he paid a visit to the old revolutionary base in Yan'an. Another putative Jiang rival, National People's Congress Chairman Qiao Shi, also made several well-publicized inspection tours. Qiao, with his power base in China's public security apparatus, is

considered capable of mounting a formidable challenge to Jiang.

Jiang's efforts to establish his primacy also suffered an unexpected setback this February with the murder of the vice chairman of the standing committee of the National People's Congress, Li Peiyao. Li was killed at home by a young PAP man who had been assigned to guard him. Several other PAP guards were implicated as well. The young man's aim seems to have been simple robbery, with no political overtones. Normally a fairly low-level officer would be held responsible for failing to prevent his crime. But when both Ba Zhongtan and the PAP's political commissar, Zhang Shutian, were removed and plans announced to reorganize the PAP, other motivations were suspected: analysts speculated that Jiang's enemies were seizing on the incident to reduce the police force's powers and weaken its ties to Jiang.

According to the Hong Kong press, Qiao Shi played an important role in this decision. It suggested that there had been a shift in power away from Jiang and toward Qiao and Central Military Commission vice chairman General Zhang Wannian. Others in the Hong Kong press were convinced that the Li Peiyao episode was at worst a temporary setback and that Jiang had effectively consolidated his hold on power.

AN OFFENSIVE OR DEFENSIVE ARMS BUILDUP?

These events occurred against a backdrop of a significant arms buildup by the PLA and its participation in an increasingly aggressive foreign policy. The embargoes Western countries placed on the export of military arms to China after Tiananmen Square have limited but not ended the flow of weapons and technology from these suppliers. In early December 1995, Russia and China concluded protracted negotiations on the sale of 72 Su-27 fighter planes to China. Russia also agreed to sell China a license to produce the planes. The Su-27 is not the most modern plane in the arsenal of the former Soviet Union. But with a maximum speed of 1,550 miles per hour and in-flight refueling

capability, it has the potential to significantly increase the PLA air force's combat range.

The PLA naval forces are making progress toward a modest blue-water capability. China's antisubmarine warfare capabilities were enhanced by the purchase of two Kilo-class submarines from Russia, with at least two more to follow. The diesel-electric boats are equipped with 12 torpedoes, and can also be used to lay mines. They are much quieter than the old Soviet-style Whiskey and Romeo class vessels that are the mainstay of China's submarine force. Western intelligence sources indicate that some of the Kilos' advanced technologies will be used to enhance the capabilities of China's existing submarines. Surface ships are being upgraded as well. Newer sonars will allow better detection of enemy vessels, and a number of ships have been fitted with a reverse-engineered version of France's Exocet missile.

Israel has also become a major weapons supplier to China. Its contribution to Chinese weapons development has generally taken the form of technology rather than entire weapons systems. In some cases this has caused friction with the United States since it involves the transfer of classified American technology. In the most recent case the United States has charged that Israel illegally sold to China technology and design components from the United States-Israeli Lavi joint project for use in China's F-10 fighter plane. Israel has also helped China to upgrade its tanks with improved guns and fire-control systems, and the guidance systems for its missiles. In addition, China's PL-9 air-to-air and PL-8H ship-based anti-air missiles are derivatives of Israel's Python III technologies.

China continues to test nuclear weapons despite international protests; with France's decision to observe a moratorium on nuclear explosions, it is the only country still testing. China's goals appear to be the miniaturization of nuclear weaponry, a capability already attained by those Western states that possess nuclear weapons. Beijing did, however, declare that it would never be the first to use nuclear weapons, and also affirmed its willingness to adhere to the nuclear Non-Proliferation Treaty (NPT) when it comes into force.¹

Observers are divided as to what this arms buildup means. To some, it is axiomatic that an expanding economic power wants to protect its trade and commercial interests with a powerful

¹China conducted a nuclear test at the end of July, after which it announced it would abide by the moratorium on nuclear testing. However, because of a dispute with the United States and certain other countries over verification techniques, it is not certain that China will actually ratify the NPT.

military. Even with its new military equipment, the PLA has limited power projection capability: China does not pose an immediate threat to its neighbors. Moreover, there are significant limitations on its ability to do so in the near future.

Poor management of production lines would mean difficulties in transforming weapons from design to actual deployment. Poor maintenance procedures would degrade the performance of indigenously produced and imported weapons. Even if this situation were to change, China's neighbors would have sufficient lead time to make adjustments to their own defense postures. And China's expanding nuclear power is interpreted as essentially undertaken for status reasons: the People's Republic wishes to be on par with Western states when the NPT takes effect.

Others point out that it must be assumed that a military acquiring advanced weapons is doing so with the idea that those weapons may be used. Moreover, China's leadership has sounded quite uncompromising in its disputes with other countries. And the arguments China has made with regard to the NPT cast doubt on its sincerity.

China at first insisted that the treaty must allow peaceful nuclear explosions, adding that it intended to irrigate a desert through such detonations. The London *Guardian* called the proposal "astonishing," noting that any water thus carried would be contaminated with the radioactive plutonium and cesium by-products of the explosion. The newspaper noted that experts feared that peaceful testing "would open a vast loophole for covert weapons development." Still more astonishing was an April *New York Times* report that China claimed peaceful nuclear explosions would be useful in case a giant asteroid were discovered to be on a collision course with earth.

In June 1996 China abruptly withdrew its demand for the right to conduct peaceful nuclear testing, but refused to agree to what it regards as intrusive methods of verifying whether NPT signatories are complying with the test ban. Arms control experts see these moves as an attempt by China to give up demands that are not likely to succeed while trying to exact a very large concession in return. They have expressed concern that the loose verification China is demanding would cripple the NPT verification system and make it easier to conduct illegal tests.

SPRATLY CLAIM STAKING AND TAIWAN TENSIONS

The NPT negotiations took place against the PLA's

active engagement in the Spratly Islands, over which China disputes ownership with five other states (Taiwan, Vietnam, the Philippines, Malaysia, and Brunei). China's construction of concrete structures and radar installations in areas of the Spratlys claimed by the Philippines led to a hostile exchange of words between Beijing and Manila in 1995. After warning Philippine President Fidel Ramos against taking the issue of sovereignty to multilateral forums, China agreed to discuss the matter bilaterally. This calmed the issue temporarily, but in the winter and spring of 1996 there were several encounters in the Spratlys between Philippine coastal patrols and Chinese ships. Initial reports described the ships as belonging to the Chinese military. Manila was reluctant to officially identify them as such, fearing that to do so would not only further provoke the PLA but also inflame Filipino public opinion to a degree that would complicate any settlement of the issue.

Chinese naval vessels also patrolled a section of the Spratlys claimed by Vietnam where China has leased oil exploration rights to an American company, Crestone Energy. The PLA was additionally engaged in oil exploration activities in another set of islands, known to the Chinese as the Diaoyutai and to the Japanese as the Senkaku, over which both countries claim ownership.

While these activities aroused fear, anxiety, and anger among China's neighbors, they paled in comparison to the PLA's actions toward Taiwan. The Chinese leadership, which maintains that the island is a province of China, is understandably wary of the efforts of the leaders of the Republic of China on Taiwan to raise their country's international profile. When the United States granted Taiwan President Lee Teng-hui a visa to attend commencement ceremonies at his alma mater, Cornell University, in June 1995, mainland authorities announced a series of military exercises that began shortly thereafter. Some of the exercises looked like rehearsals for an invasion of the island; others included missile tests that involved closing parts of the busy Taiwan Strait to commercial traffic.

The exercises increased in frequency and intensity in the months preceding Taiwan's first direct popular presidential election this March. China's media accused Lee of propounding Taiwan independence and thundered that the more than 1 billion irate mainland citizens were willing to make any sacrifice to thwart him. Beijing's anti-Lee stance was, on the face of it, somewhat puzzling.

Whatever his private views might be, Lee had never publicly espoused issuing a declaration of independence—for all practical purposes, the island is already independent. Lee's chief electoral opponent, however, had frequently called for independence. The most logical explanation is that the mainland leadership, realizing that Lee was going to win whatever actions Beijing took, was putting pressure on him to tone down any postelection plans to further raise Taiwan's political profile.

A war of nerves ensued. Fleets of mainland fishing junks appeared off the coasts of offshore islands held by Taiwan, mysteriously disappearing into the mists and reappearing without warning. Rumors of invasion were already rife when, in mid-February, several mainlanders were caught smuggling a large amount of explosives onto the offshore island of Penghu. At the same time, troops and equipment were massing in Fujian province, just opposite Taiwan.

On March 7, a series of M-9 surface-to-surface missiles were test-fired into the waters just outside Taiwan's two major ports, Keelung in the north and Kaohsiung in the south. The PLA announced that it would conduct three sets of military maneuvers between March 8 and March 25 that would include amphibious landings. These would involve some 150,000 troops and 250 airplanes, including heavy bombers and several of the air force's SU-27s. Some observers speculated that, since the PLA did not have the amphibious lift capability to invade Taiwan, the real intent of the exercises was to scare the island into panic and capitulation. Others believed that the PLA intended to seize one or several of the small islands held by Taiwan that lie just off the mainland.

Neither of these events occurred. The Taiwan government advised civilians on the small islands to leave and provided transportation for them; Taiwan armed forces then conducted live-fire exercises. The United States, which had already sent a carrier battle group through the Taiwan Strait in December (claiming the action had been taken because of "bad weather"), deployed two carrier battle groups off Taiwan in March. And the population did not panic. It gave Lee Teng-hui an impressive 54 percent of the vote against three rivals, thus allowing him to claim a mandate for continuing the policies that had so incensed the mainland leadership.

Beijing declared itself happy with the results of the election, since Lee's pro-independence rival had been soundly defeated. The mainland media proclaimed the exercises a success, saying they had demonstrated the PLA's capacity to maintain naval and air superiority.

Foreign observers were less than impressed. The exercises were called off several days early due to bad weather. While weather conditions were indeed less than optimal, the ability to fight under all conditions is considered an important indicator of military competence. Japanese government sources called the maneuvers "disappointingly small in scale." They also noted that the videotapes distributed by the Chinese media showed different weather and sea conditions than had prevailed during the exercises, and concluded that what they had been shown was file footage. Intelligence analysts noted that the few SU-27s that had appeared during the exercises flew navigational rather than simulated combat missions. They and American

sources judged the PLA incapable of invading Taiwan. Observers in Fujian said they had seen body bags containing the corpses of soldiers who had died of exposure; they had been sleeping on cold, windswept beaches during the late winter exercises. And a military ship had collided with commercial ships while attempting to exit Fuzhou harbor.

Fujian residents were reportedly unhappy with the military exercises since they interfered with the local economy. Official sources denied this, describing the Fujianese as standing as one behind the PLA in its patriotic mission to safeguard the integrity of the ancestral land. However, the PLA later agreed to reimburse the province an undisclosed sum as compensation for losses incurred during the exercises.

*Is the PLA the
driving force of
this more
aggressive posture
or merely its
agent?*

WHOSE AGGRESSION?

Is the PLA the driving force of this more aggressive posture or merely its agent? Not surprisingly, official Chinese sources deny that there are differences of opinion between the civilian and military leaderships on defense or any other issue. The Hong Kong press is, however, unanimous in judging the PLA to be the driving force. It hypothesizes that Jiang would prefer a conciliatory stance but has been forced into a more militant mode by high-ranking PLA leaders. These leaders are dissatisfied with the slow progress on asserting ownership of the Spratlys, absorbing Taiwan, and

standing up to a United States that is perceived as bullying China. Because Jiang needs the support of the PLA, he must accommodate the demands of the high command.

A Taiwan government official concurs, stating that there is public and private evidence that Jiang is sending placatory messages: that his hands are tied at the moment, but that Taiwan should be patient. However, the director of Taiwan's National Security Bureau says that mainland authorities had made preparations to attack his country's frontline islands, but that self-restraint by PLA leaders caused these plans to be canceled.

Whether the arrival of United States carrier battle groups had any influence on these plans was not discussed. The mainland media predictably described America's decision to send the carriers as a stupid, rash, and blatant interference in China's internal affairs. However, the United States response was also predictable. Whoever made the decision to menace Taiwan before its elections—whether civilian or military or both—should have

foreseen that this would force the United States out of its heretofore carefully maintained posture of strategic ambiguity and to the side of the threatened party. One would not expect the PLA's loss of face over the confrontation to be openly discussed, and indeed it was not. The incident is said to have rekindled China's interest in obtaining aircraft carriers of its own.

Almost immediately after the conclusion of the March exercises, world attention shifted from the military's role in China's succession struggle and its ability to menace the country's neighbors back to other familiar themes. One of these, corruption in the PLA's business empire, was highlighted when United States federal agents seized more than 2,000 assault rifles being smuggled into the United States by companies affiliated with the PLA. The diversion of attention notwithstanding, the military clearly retains a pivotal decision-making role both in ratifying the country's next leader and in influencing its foreign policy. What is less clear is in what direction it will choose to move. ■

"Some leaders believe that they can shape the future development of the Chinese economy through better management and with the help of a carefully chosen 'industrial policy.' In fact, the Chinese economy awaits a further round of reform and restructuring in order to begin the transition to a more effective economic system that can productively participate in international cooperation and competition."

The Dangers of Economic Complacency

BARRY NAUGHTON

In the past several years the Chinese economy has undergone dramatic growth and structural change. In 1995, for the fourth consecutive year, real gross domestic product grew more than 10 percent, and growth will remain near that mark this year as well. Sometime in 1997, China will reach an important statistical milestone when the proportion of the total labor force engaged in agriculture will slip below 50 percent for the first time, symbolizing the end of China's long history as a predominantly agrarian country. Foreign investment has continued to pour into China; after receiving \$28 billion in 1993 and \$34 billion in 1994, almost \$38 billion in actual foreign investment was recorded in 1995. By most broad indicators, the Chinese economy is doing very well indeed.

Since early 1994, however, Chinese economic policymaking has been stuck in a relatively undistinguished and noninnovative mode. A number of broad policy initiatives have been placed on the agenda, but few decisive actions have been taken, and several general policies have been carried forward from year to year without concrete implementation. The most immediate explanation for the limited policymaking initiative has been the priority the government has given to fighting inflation. Indeed, one of the most important policy successes of the recent period has been the taming of

inflation and the achievement of a macroeconomic "soft landing," or gradually controlling inflation without stifling economic growth.

But broader political and economic factors are also at work. Policymaking has seemed less urgent to Chinese leaders because the pace of grass-roots economic change has been remarkably rapid; economic growth has been extremely robust; and the Chinese economy has not encountered any especially challenging problems or crises. Under these circumstances, and faced with substantial uncertainty about the effects of their own actions and the direction of the economy, policymakers have found it difficult to mobilize the political will to tackle difficult questions, and have chosen to take a relatively cautious approach to the economy. It may also be the case that the uncertainties of the political transition to the post-Deng Xiaoping era are beginning to inhibit serious attempts to grapple with long-term economic issues. Despite obvious signs of success, then, the current period may turn out to be one in which leaders missed substantial opportunities to consolidate economic reforms and create a much better set of economic institutions.

Certainly nothing in the past two years has matched the flurry of dramatic reform policymaking that marked 1993 and the beginning of 1994. During that fertile period, China passed a series of economic reform milestones. In rapid succession it abolished most of the remnants of central planning and relaxed the bulk of price controls. It gave foreign investors significant access to the Chinese domestic market. At the third plenum of the fourteenth Communist Party congress in November 1993, a program to broadly move to a market economy was officially adopted. Immediately fol-

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lowing this meeting, several important reform measures were adopted to regularize China's economic procedures and build substantially more effective institutions. The two most important reforms were the adoption of a new tax and fiscal system and the devaluation and unification of exchange rates. Both of these measures were put into place on January 1, 1994, and each represented a shift from past patterns of Chinese reform policymaking. Previous reforms had usually achieved success only to the extent that they relied on decentralizing authority and resources and liberalizing regulations, and did not require the exercise of substantial new capabilities by the central government. By contrast, the new measures require a more professional and predictable bureaucracy and a modest recentralization of authority in order to achieve ultimate success.

THE DOWNSIDE TO RAPID GROWTH

Since early 1994, we have witnessed the Chinese economy adapting to the reforms implemented between 1992 and 1994, or perhaps more accurately, adapting to the economic dynamism unleashed by those reforms. The torrid growth touched off since 1992 has been extremely positive overall. But certain aspects of that rapid growth have had negative effects. Growth in 1992 and 1993—at 14.1 percent and 13.1 percent, respectively—was unsustainably rapid, and some of this rapid growth represented recovery from the trough of the post-Tiananmen recession. More important, growth in those years was fed by a lax credit policy that contributed to rapid money growth and a severe bout of inflation. As a result, fighting inflation has tended to take priority over other government objectives, and this has tended to produce a cautious attitude toward reform policies. Indeed, the battle against inflation has been a consistent theme in policymaking since June 1993.

At that time, economics czar Zhu Rongji proclaimed an austerity program and announced new restrictions on bank lending amounts and procedures. Some version of this austerity program has been in place ever since. Despite this sustained effort, success in the inflation battle was elusive until recently. Inflation accelerated from 16 percent in 1993 to 25 percent in 1994 (as measured by the urban consumer price index), before moderating to 17 percent in 1995, and only 9.8 percent during the first quarter of 1996. By mid-1996, the regime was on track to achieve its objective of keeping inflation in the single digits. Moreover, the

objective of a soft landing had been substantially achieved.

It is worth emphasizing how unusual this successful regulation of inflation is for China. Since the beginning of the reform era in 1978, macroeconomic policy has tended to swing from one extreme to another. Rapid growth phases have led to inflation, causing policymakers to step on the brakes of monetary and credit policy. Overheating was followed by overcooling—sharp and sometimes excessive growth slowdowns. Consistent, steady macroeconomic restraint was the rarest of all policy outcomes. By contrast, the current cycle has been marked by a prolonged period of moderate austerity that has gradually achieved its objective. That by itself is a significant achievement.

Yet one might wonder why, if austerity has been in place since mid-1993, inflation actually accelerated in 1994, and why it has taken nearly three full years to bring inflation down below the regime's target figure of 10 percent? To answer the latter question, we need to go back to the important reform accomplishments of 1993 and early 1994. Those reforms set off a chain of events that, despite their achievements, gave the regime a scare during 1994 when inflation accelerated. In this respect, the most important reform measures were those in the foreign trade and investment system.

AN EMBARRASSMENT OF RICHES

China established a new unified exchange rate at the beginning of 1994, pegged initially at 8.8 renminbi to the dollar. At the time, few Chinese policymakers thought that the new unified exchange rate had any particular long-range significance. China had already devalued the official exchange rate by almost two-thirds between 1980 and the late 1980s, but without establishing an equilibrium value for foreign exchange. At each new exchange rate, demand for foreign exchange exceeded available supplies, yet the government continued to restrict access to American dollars and Japanese yen, even for legitimate export businesses. To get around this awkward bureaucratic system, a secondary market had been allowed to develop in which exporters and importers could swap foreign exchange, with the renminbi trading at a substantial discount from its official rate. Surprisingly, when the official rate was devalued and the exchange rate unified on January 1, 1994, the new rate turned out to be stable and defensible. Access to foreign exchange was substantially liberalized so that by 1996, any foreign trade corpora-

tion could purchase dollars upon presenting invoices and shipping documents to a local foreign exchange bank. China has been able to approach current account currency convertibility.

This unanticipated success can be attributed to three factors. First, foreign investment continued to flow into China in large amounts, attracted by newly granted access to the Chinese domestic market. While foreign businesses made most of their investment contribution in the form of machinery or other investment goods, they also contributed money to buy Chinese domestic goods and assets such as land. Thus, the inflow of foreign investment significantly augmented the supply of foreign exchange. Second, foreign-invested export-oriented firms in southern coastal China that had been developing since the mid-1980s continued to increase their exports rapidly but steadily, generating substantial foreign exchange earnings. Third, and most significant, Chinese domestic firms responded vigorously to the new opportunities created by devaluation, and by reforms in the taxation system. These domestic firms (mostly state-owned factories) had borne the burden of the overvalued official exchange rate in previous years, and thus benefited the most from the devaluation of 1994. Moreover, the tax reform adopted at the same time generalized and simplified the refund of value-added taxes paid by exporters. The net result was a huge increase in the incentive to export.

Chinese trade has long been divided into export processing and so-called ordinary foreign trade. Export processing is trade carried out, primarily by foreign-invested firms, under special provisions that allow duty-free imports of commodities used in export production. Such trade has expanded steadily, along with the growing importance of foreign investment in the Chinese economy. However, it was ordinary trade that grew explosively in the wake of the 1994 reforms. Ordinary exports increased 42.5 percent and, responding to the higher price for foreign exchange, imports actually shrank by 7 percent. Quality upgrading had apparently succeeded.

The result was that after 15 years of being in shortage, foreign exchange was suddenly in abundant supply at the prevailing official exchange rate. Exports and incoming foreign investment provided supplies of foreign exchange, while demand for foreign exchange to buy imports remained weak. The abundant supply of American dollars tended to reduce the dollar's price in renminbi;

and conversely, the dollar value of the renminbi tended to increase. The renminbi has in fact appreciated slightly since early 1994, and in order to forestall further appreciation the government has bought dollars with renminbi. The result has been a rapid expansion of the government's foreign exchange reserves, which soared from \$21 billion to \$51.6 billion during 1994, and to \$73.6 billion by the end of 1995. The increase in net foreign assets was the main cause of the expansion of the domestic money supply during both years. The flood of newly printed renminbi of course fueled inflation, notwithstanding relative restraint in the growth of central bank credit. This was a kind of embarrassment of riches; the unanticipated success in foreign trade led to a prolongation of inflationary problems in the domestic economy.

The inflationary pressures created by rapid money supply growth were not reflected uniformly throughout the economy. While prices of manufactured goods were stabilized at a relatively early stage, a continuing surge in farm prices kept inflation high. In 1994 and 1995, grain prices were the fastest growing component of consumer prices. This was true even though the grain harvest was mediocre in 1994, but excellent in 1995. Only at the end of 1995 did grain prices really begin to stabilize.

The jump in grain prices appears to reflect an adjustment to the long-term relative scarcity of food in the Chinese economy. Farm prices have been depressed for several years, but as urban incomes have begun to increase, market conditions have finally reached the point where steadily growing demand has led to a surge in prices. Chinese grain prices are now close to world prices, probably reflecting a future in which China will be a significant grain importer and in which Chinese demand for grain, on the margin, will be met from world grain markets. In the short run, the recovery of farm prices is beneficial to Chinese income distribution. For many years, urban income growth has exceeded rural income growth, increasing an already large urban-rural gap. In 1995, by contrast, rural incomes grew 5.6 percent in real terms, slightly more rapidly than urban incomes, which grew 4.9 percent. While this does not begin to close the urban-rural gap, it nevertheless prevents further deterioration.

TAX REFORM DISAPPOINTMENT

As the effects of these events rippled through the economy during 1994, policy tended to

become reactive and concentrated on the anti-inflation effort. There were also political factors at work. Many in China expected that The People's Republic would enter the World Trade Organization (WTO) as a founding member on January 1, 1995. China's failure to do so triggered something of a conservative backlash against radical reform measures in early 1995. A number of articles appeared in the press arguing for the need to maintain a large state sector and for the importance of management reform as opposed to ownership conversion. This countercurrent did nothing to reverse the direction of economic reform, but it may have weakened the resolve of policymakers to solve outstanding problems.

On another front, bold government actions were also hampered by the limited success of the 1994 tax reform. The tax reform has been unable to substantially reverse the erosion of government fiscal resources that has been a persistent characteristic of the entire Chinese reform process. From a prereform level of 35 percent of GDP, state budgetary revenues had declined to only 12.8 percent of GDP by 1993. Tax reform was supposed to stabilize and even increase this ratio, but instead revenue has continued its decline to 10.7 percent of GDP in 1995, with the 1996 budget now projecting a further decline to 9.8 percent of GDP.

The tax reform, however, was not designed solely to raise new revenues. Additional goals were to broaden the tax base, lower peak taxation rates, and create a uniform and fair taxation system. Taxation was to shift to a primary reliance on the value-added tax (VAT), creating a tax structure like those in most Western European countries. In addition, Beijing greatly strengthened its tax collection authority, creating a system in which the central government was the primary tax collector and redistributing revenues among local governments. However, in the initial three years of the reform—through the end of 1996—the central government also guaranteed that no local government would suffer a reduction in expenditures due to the provisions of the tax reform.

The efficacy of the tax reform has been substantially hindered by the ease with which existing firms and local governments have obtained so-called temporary tax exemptions. The tax rate is highest on manufacturing firms, where the VAT rate is 17 percent, although a large number of these

firms are able to escape some or all of the tax. Exporters received a full VAT rebate until mid-1995. Many small-scale private firms manage to avoid taxation and many state-owned enterprises have obtained exemptions or delays on full taxation under the claim of short-term financial hardship. Finally, relatively slow progress in setting up a separate central government tax authority—one truly independent from the existing tax bureaus organized under provincial government auspices—has meant that the central government does not yet have full authority to override local interests and achieve compliance. For all these reasons, the tax reform has been disappointing in achieving a substantial revenue increase.

Government steps to deal with this dilemma have been partial and incremental. Most visible have been the steps to tighten tax collection within the foreign-oriented sector. Following on the heels of the dramatic export success, the government has lowered the VAT rebate rate for exporters from

the full 17 percent to only 9 percent by the end of 1996. On the import side, the government has tightened import procedures, canceled the tax exemption for foreign-funded investment goods, and moved to limit other exemptions of import duties. These measures will increase the tax take from the rapidly growing foreign trade sector, but at a price; export growth has already begun to

fall off, and the long-term impact on China's export performance is difficult to predict. At this time, the government's fiscal and tax reform can be considered a partial success at best.

State enterprise reform remains a central and unfinished part of the Chinese reform process.

STATE ENTERPRISES IN TRANSITION

State enterprise reform remains a central and unfinished part of the Chinese reform process. In recent years change has been driven more by external events than by formal reform edicts. Competition from rural township and village enterprises—and more recently from private and foreign-invested firms—has continuously increased, exposing state-owned enterprises to new challenges and eroding their former protected position. By 1995, traditional state-owned industry accounted for only 31 percent of the value of industrial output, and these industries are concentrated in utilities, energy, and manufacturing sectors with substantial economies of scale. A conversion of Chinese industry has occurred, pri-

marily through the entry of new producers and the play of market competition.

Government policymakers have repeatedly tried to develop comprehensive programs for the reform of state-owned industry. The November 1993 party congress continued to rule out large-scale privatization on ideological grounds, but endorsed the adoption of a so-called modern enterprise system, initially on a trial basis. The modern enterprise system essentially corresponds to what would be called in most other countries the commercialization or the corporatization of state ownership. The assets of the corporation are inventoried and revalued and the balance sheet cleaned up. Ownership shares of the corporation are then defined, with the government typically holding most or even all the outstanding shares. A board of directors is established, with seats apportioned to major shareholders. The board of directors then exercises control over the enterprise, including the appointment of managers, and the traditional bureaucratic relations of subordination are supposedly severed. The enterprise is to be freed to pursue economic aims, with government interference restricted to broad policies that apply to all enterprises.

The progress of this experiment has been painfully slow. It was decided in late 1993 that 100 enterprises would be selected for conversion. But by early 1996, only 43 of these firms were actually operating under the reform's provisions (though another batch had recently been approved for conversion). In addition to the modern enterprise system, there are now several thousand "share-holding enterprises" or joint-stock companies, most of them converted state-owned enterprises. The state industries converted to share-holding enterprises typically distribute up to 20 percent of their shares to their own workers, maintain controlling interest in the hands of government agencies, and sometimes sell a block of shares to outside investors. Most share-holding enterprises have, however, been converted by local governments, sometimes without paying much attention to the procedures involved in assessing asset values, allocating ownership stakes, and providing audits and financial disclosure. After a wave of conversions between 1993 and 1994, such joint-stock companies accounted for about 4 percent of industrial output in 1994 and 1995. To get an accurate picture of the size of the remaining state

sector, this figure should probably be added to the 31 percent of industrial output produced by traditional state-owned enterprises in 1995, yielding a 35 percent share for the traditional and semi-reformed state sector in that year.

While central government initiatives have been modest, some local governments have moved ahead aggressively. The experience of the small city of Zhucheng in Shandong province has recently attracted attention. City officials transformed all 274 of the town's formerly state-owned industrial and commercial enterprises. By the end of the process, Zhucheng no longer had a state sector, and town officials were instead relying on ordinary taxation revenues from a flourishing economy. The experience of Zhucheng demonstrates that in China, although mass privatization is taboo, substantial conversion of state assets into different ownership forms is in fact taking place.

In the absence of rapid progress in state-owned enterprise reform, the evolution of the sector has been determined primarily by competition and government credit policy. As noted earlier, government credit policy has been consistently restrained over the past couple of years. This has meant that state-owned enterprises do not have access to unlimited bailouts from state banks. While some state industries undoubtedly enjoy preferential access to bank credit, the Chinese government has been unwilling—or perhaps unable—to shelter the entire state sector through a large stream of subsidies. Tight credit and intensified competition have caused extensive difficulties in the state sector and pushed many firms toward painful restructuring. While the number of formal declared bankruptcies has remained small, the number of actual bankruptcies is significant. This can be easily discerned with a look at the numbers on employment.

Despite the extraordinarily rapid growth of the economy, the official urban unemployment rate has steadily increased, from 2.3 percent at the end of 1992 to 2.9 percent at the end of 1995. Moreover, the 5.2 million officially unemployed are only part of the problem. Struggling state firms have also sent home a large number of workers for whom they cannot find regular work. Those workers receive a minimum wage—a kind of enterprise-paid unemployment compensation—that is substantially below the prevailing wage for active workers, but are not required to report to work.

Recently, the State Statistical Bureau provided the first official estimate of the number of workers in this category nationwide: 7.25 million as of the end of March 1996. Simply combining this number with the 5.2 million officially unemployed yields an urban unemployment rate of 5.5 percent.

Of course, this does not include the underemployed workers reporting for work in state firms, nor does it include any of the rural under- or unemployed, nor their relatives who have migrated to cities in search of better work. It simply indicates that large numbers of workers are being shed by state enterprises as they struggle to cope with difficult economic conditions.

RECIPE FOR SUCCESS?

The Chinese economy in 1996 is the outcome of the interplay of vigorous market forces and rather tepid government policymaking. The progress of tax reform and state enterprise reform indicates that institution-building reforms have proceeded at a modest and in some ways disappointing pace. A similar observation would emerge from a discussion of financial sector reforms—some progress has been made. Government policy banks have been set up to relieve existing state-owned banks of the responsibility to undertake government-directed loans, thus giving them the ability to compete on a commercial basis. Some small competition in that sector has been permit-

ted with new start-up banks and strictly limited foreign participation. But state-owned banks continue to suffer under an immense load of poorly performing loans to existing state-owned enterprises and have not been able to shed completely the need to respond to government requests. Weakness in the banking system is clearly evident, and there may be further financial difficulties down the road.

At the same time, the sheer dynamism of the economy continues to drive institutional development in the right direction, if not at the optimal pace. Precisely because the government does not have abundant financial resources, it cannot afford to waste them in propping up the weakest state-run enterprises. Competition and the opening of the economy are rapidly transforming the most important sectors but institution building lags behind. Leaders may perhaps be forgiven for not seeing the urgency of the institution-building process when the economy is booming. But there is a serious danger of complacency, for some leaders believe that they can shape the future development of the Chinese economy through better management and with the help of a carefully chosen "industrial policy." In fact, the Chinese economy awaits a further round of reform and restructuring in order to begin the transition to a more effective economic system that can productively participate in international cooperation and competition. ■

"March 23, 1996, was a great day in Taiwan's history, and Lee Teng-hui's landslide win was a great victory for the Kuomintang. But despite the popularity of its chief, the ruling party faces difficult challenges. . . If the Kuomintang reforms itself and provides effective leadership, it could extend its tenure as the majority party indefinitely. But if it fails to make these changes, other political forces are eager to take its place."

Taiwan's Lee Teng-hui Complex

SHELLEY RIGGER

On March 22, 1996, the atmosphere in Taipei, Taiwan was an exhilarating mix of political protest, ticker-tape parade, and state fair. Throngs of cheering, flag-waving families jammed the public squares. Food vendors hawked candied tomatoes and sausages on sticks, while souvenir stalls peddled everything from commemorative plates to glow-in-the-dark flagpoles. Taiwan's best-loved pop stars and politicians pranced across giant stages and video screens. Thousands of people swayed and sang together as fireworks splashed across the skyline to mark the final night of campaigning in the Republic of China's first direct presidential election.

The banners and bullhorns disappeared in the wee hours of election day, giving way to calm, orderly balloting. For the first time in history, seventy-six percent of Taiwan's eligible voters—nearly 11 million in all—turned out to choose a Chinese head of state in a popular election. This landmark election raises two important questions for Taiwan's democracy. First, how will the reelected star of this spring's political drama, President Lee Teng-hui, use his historic political mandate? Second, how will a democratic Taiwan and a socialist People's Republic of China coexist?

CAPTURING A MANDATE

That President Lee Teng-hui would win a second term was never in doubt; what remained uncertain was whether he would capture an absolute majority in the four-way presidential race. A

decisive victory would strengthen Lee's bargaining position on domestic issues, such as corruption, economic strategy, and public construction, and in negotiations with Beijing over trade, communications, and reunification—the long-term goal of both countries. But winning such a mandate would not be easy. Lee's competitors included two former officials of his own government, Lin Yang-kang and Chen Li-an. Lin's vice-presidential running mate, General Hau Pei-tsun, had once served as Lee's prime minister. Thus, three of the four presidential candidates had emerged from Taiwan's ruling party, the Kuomintang (KMT).

The leading opposition group, the Democratic Progressive Party, chose as its candidate Peng Ming-min, a well-known dissident intellectual recently returned from exile. Peng chose one of the DPP's most popular legislators and able campaigners, Frank Hsieh, as his running mate.

When the votes were counted, Lee had captured 54 percent. Peng trailed far behind in second place with 21 percent. The Lin-Hau ticket captured just under 15 percent, and Chen finished fourth with 10 percent.

Lee's victory was, to a great extent, a personal one. The fortunes of his party, the Kuomintang, have been declining in recent years. Since the mid-1980s, KMT vote shares have fallen steadily, and today the party has only a two-seat majority in the legislature. In the National Assembly elections held alongside the presidential race, the ruling party received a scant 55 percent of the assembly seats; the DPP won 30 percent of the assembly vote (the National Assembly's sole duty is to amend the Taiwanese constitution).

Given the grave challenges facing the KMT, how are we to understand Lee's triumphant presidential

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bid? Three factors are important: factionalism within the ruling party, Taiwan's increasingly competitive opposition parties, and the machinations of the People's Republic of China.

THE ORIGINS OF FACTIONALISM

Lee's wide sweep of this year's election contrasted sharply with his first presidential contest in 1990. That indirect election was conducted under prereform rules, which were designed to keep the KMT in power by allowing the National Assembly to select the president. By 1996, these rules had changed. Candidates were free to compete, with or without party sponsorship. Gone were the government's tight restrictions on campaign activities: candidates plastered walls with handbills, bought radio and television commercials, debated, took part in call-in shows, sponsored dinners, and touted their celebrity endorsements. The campaigns and balloting were observed by hundreds of foreign and local journalists, with few irregularities reported.

The contrast between Lee's first and second presidential races is also evident in his relations with the KMT. In 1990 the former vice president sought to continue in the office he had assumed in 1988 after the death of President Chiang Ching-kuo. Lee faced a strong challenge from within the KMT when President Chiang's conservative half brother, Chiang Wego, threatened to team up with Lin Yang-kang to contest Lee's nomination. Although Chiang and Lin dropped their challenge before the balloting, the incident revealed a deep antipathy to Lee within the KMT's right wing, which came to be called the "nonmainstream" faction (President Lee is also the KMT party chairman, so those loyal to him are called the "mainstream" faction).

The roots of this factional conflict within the KMT can be found in party reforms implemented under President Chiang Ching-kuo. From 1949, when the KMT moved the nationalist government and party headquarters to the island of Taiwan, until the 1970s, the ruling party was overwhelmingly staffed with "mainlanders." These Chinese who had come to Taiwan during and after China's civil war were put to work running the nationalist government on Taiwan and preparing to recover the Chinese mainland. To the native Taiwanese population, whose ancestors had come to Taiwan before the island's cession to Japan in 1895, the mainlanders were interlopers. Their privileges bred resentment, and a social, political,

and economic gulf opened between the two groups: mainlanders monopolized public offices in the powerful central government while Taiwanese were relegated to locally elected positions with little power. Seats in the National Assembly and legislature were held in perpetuity by representatives elected on the mainland in 1947, and the KMT's membership was disproportionately mainland. Martial law provisions in place since 1947 further restricted political participation and civil liberties.

In the 1970s President Chiang began a program of reform. He instructed the party and bureaucracy to recruit more Taiwanese, and by the time he died, 70 percent of the Kuomintang's membership was Taiwanese (compared with a general population about 85 percent Taiwanese). Chiang also presided over the early stages of political reform. He opened seats in the National Assembly and legislature to popular election, and by 1988 almost one-quarter of the legislators were Taiwan-elected. In 1987, Chiang's government lifted martial law, opening the door to opposition parties, new publications, and free speech. Still, mainlanders continued to dominate top party and government posts. Thus, Chiang's selection in 1984 of Lee, a Taiwanese, to be his vice president was a significant step.

LEE AT THE HELM

Most Taiwanese greeted Lee's accession to the presidency with joy. But for conservatives, Lee symbolized a retreat from the party's historic mission of recovering mainland China. How could a Taiwanese chief executive represent all of China? Nonmainstream figures doubted Lee's commitment to a unified China, and they worried that democratization would replace the nationalist government, which defined itself as the legitimate government of all of China, with a purely Taiwanese state.

Taiwanization did accelerate under Lee; in 1991 and 1992, Taiwanese voters selected an all new National Assembly and legislature, respectively. In 1994 they replaced the appointed executives of Taiwan province, Taipei City, and Kaohsiung City with elected ones. This process culminated in the 1996 presidential election. Under Lee's leadership, Taiwan also abandoned the goal of "mainland recovery" and acknowledged the existence of the People's Republic of China. Taiwan's new approach holds that China is a divided nation that will eventually reunify as a "prosperous and democratic"

state. In short, just as the nonmainstream faction had feared, Lee's presidency moved Taiwan away from its traditional self-image as the Chinese government in waiting.

Lee's first term transformed the KMT in yet another way. Lifting martial law and increasing the number of political offices open to election intensified the level of competition in Taiwanese elections. To stay in power, the KMT needed to cultivate a strong electoral machine. In his role as party chairman, Lee encouraged local KMT branches to seek candidates who would be able to finance their own campaigns.

Under the authoritarian structure in place before 1987, the KMT controlled local nominations. Candidates who cooperated with the party strategy were guaranteed victory; those who did not paid a high price. Under the new rules, candidates had much more opportunity to pursue their own interests. Lee's decision to emphasize electoral victory thus opened the door to self-interested opportunists. In the eyes of many nonmainstream officials, the new breed of politicians consisted of little more than local bosses with poor qualifications and no party loyalty or discipline.

By 1991, conflict between the mainstream and nonmainstream factions was undermining KMT unity. The mainstream faction supported reform and was willing to move both the party and the nation toward a more localized, election-based legitimacy. The nonmainstream faction, whose best-known proponent was Hau Pei-tsun, sought a more gradual approach to reform, one that would support the nationalists' continued claim to represent all of China. In an effort to manage the conflict, Lee selected Hau as his prime minister in 1991. Lee's Foreign Ministry already was developing its "pragmatic diplomacy," a strategy that used informal cultural and economic contacts to improve Taiwan's international status. However, Lee avoided antagonizing the nonmainstream faction by making sure progress on cross-strait relations moved forward at the same pace as "pragmatic diplomacy."

This balancing act ended in 1993. Elected officials gained new influence through National Assembly and legislative elections in 1991 and 1992. Voters strongly supported the pragmatic diplomacy approach, including a DPP-initiated quest for a United Nations seat. The nonmainstream did well among its own limited constituency, but public opinion had turned in favor of a more activist foreign policy. When the new

legislature was seated in early 1993, Hau resigned as prime minister. Lee replaced him with one of his closest followers, the mainstream Provincial Governor Lien Chan. The conservative faction's influence in the KMT declined even further a few months later when several leading nonmainstream politicians left the KMT to form the Chinese New Party (NP). And in 1995, the KMT expelled Lin Yang-kang and Hau Pei-tsun after they broke ranks to challenge the party's presidential candidate.

In mid-1996, Lee Teng-hui is the undisputed leader of the KMT. The most significant threats to his supremacy two years ago either have left the party or have been marginalized. This is not to say he is unchallenged. Outside the KMT opposition parties provide voters with alternatives to ruling party policies and hold the KMT accountable to the electorate. Neither major opposition party has attracted majority support, but each has helped weaken the KMT's once-unshakable grip on power. Although the KMT has managed to co-opt many of the opposition's most popular ideas, the ruling party is struggling under the burden of its reputation for corruption.

ORGANIZING THE OPPOSITION

Before Chiang Ching-kuo's political reforms, efforts to organize an opposition movement had little success. The KMT's apparatus of political control was strong and ruthless, while rapidly rising living standards and opportunities for political participation at the local level made for a shortage of potential dissidents. As the government relaxed its authoritarian control, however, two distinct groups of oppositionists appeared. Urban professionals, many with overseas connections, began demanding that the government fulfill the democratic promise of its constitution. Joining these activists were independent local politicians, including KMT dropouts, who wanted to use their political experience and organizations to push the ruling party in a more democratic direction. These two groups shared a potent combination of international contacts, rhetorical skills, and personal followings. They deployed these resources in pursuit of two objectives: democratization and ethnic justice. In practice, this meant lifting martial law, restoring civil rights, opening the central government to popular participation, and allowing the fair representation of Taiwanese in government.

This loosely organized opposition movement gathered itself into a political party, the Democratic

Progressive Party, in 1986. The DPP's electoral performance has gradually improved, settling into a steady 30 to 35 percent of the vote in the 1990s. But the Democratic Progressives began their history as a protest party, and growing beyond that role to become the party of government is proving difficult for a number of reasons. First, the DPP is factionalized. The deepest line of cleavage is between those who believe the party should concentrate on coming to power through the electoral system, even if that means compromising on issues, and those who believe the party should concentrate on attaining de jure independence for Taiwan.

A second problem facing the DPP is its short history. Competing with the KMT's reputation is tremendously difficult. Especially among older voters, whose memories of hard times during the postwar years are vivid, the Kuomintang's economic record is persuasive. For younger voters, however, the rising tide of scandal and abuse of power is replacing the KMT's image as the engine of the Taiwan miracle with the perception that the party is a nest of corruption. The DPP hopes to turn its opponent's changing image to its advantage. At the same time, DPP politicians hope to establish a record of their own, especially in executive positions. Thus, the election of the DPP's Chen Shuibian as Taipei City mayor in 1994 provided a critical opportunity for the party to demonstrate its fitness to govern.

Third, the DPP must compete with the KMT's political machine. The ruling party had 40 years of uncontested dominance in which to perfect its mobilizing and vote-getting mechanisms. Detaching voters from that system is not easy. In many districts voter loyalty to candidates and local factions and the individual incentives offered by KMT candidates are powerful motivators. Kuomintang candidates also tend to outspend their opponents—although voter sensitivity to corruption means that this is not always an advantage. And despite 10 years of press freedom, the mass media still betray a pro-KMT bias.

The DPP suffers, too, because the issues on which it was founded—democratization and ethnic justice—no longer hold much appeal for voters. It is difficult to persuade the electorate that Taiwan is not a democracy when even the president must defend his seat against a bevy of vigorous, well-financed challengers. And it is nearly as

hard to convince voters that Taiwan is a hotbed of ethnic injustice when the president, much of his cabinet, and most of the legislature are Taiwanese.

In response to reform, the opposition has become increasingly bold in advocating Taiwan's independence, and the government has tolerated such rhetoric since late 1991. The national identity issue represents the evolution, in a more radical direction, of the DPP's original concerns. The demand for democratization has become a demand that the very definition of the state be decided democratically; the demand for ethnic justice is now a call to "let Taiwan be Taiwan."

Taiwan independence has a fervent but limited constituency. Survey results vary, but the number of unification supporters is about 25 percent; about the same number would like to see a declaration of independence. But the majority are content with the status quo: de facto independence, or autonomy without a formal declaration. While

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individual DPP candidates running on a pro-independence platform can do well within limited constituencies, the DPP as a party will not come to power on this issue. The question is, then, what issues can bring the opposition to majority status?

The Democratic Progressives had great success in the early 1990s demanding that the government accelerate its pragmatic diplomacy and pursue a seat at the UN. Seeing the popularity of the issue, the Kuomintang adopted the UN bid as its own policy, depriving the DPP of one of its most popular platform planks. The KMT has co-opted other DPP initiatives as well, including social welfare and environmental protection. The opposition party has had success attacking the KMT's corruption and high-handed ruling style, but support for the DPP remains stagnant.

The KMT also faces opposition from the Chinese New Party. Although technically independent, the Lin Yang-kang/Hau Pei-tsun presidential bid received much of its support from the NP. Early characterizations of the NP emphasized its conservatism and links to pro-unification mainland die-hards. In recent elections, however, the NP positioned itself as a moderate party, uninterested in risking Taiwan's security for the sake of independence or immediate unification. Although many of the New Party's leaders are mainlanders, it counts equal numbers of Taiwanese and mainlanders among its supporters.

The NP has two reputations. Among DPP supporters and Taiwan nationalists, it is viewed as the party most likely to sell out Taiwan to the mainland; among centrists, especially in northern Taiwan, it is known for incorruptibility and competence. Both these characterizations contain elements of truth. The NP is not nearly as enmeshed in the tainted maneuverings of local factions as the KMT (or even the DPP), but its activists are more devoted to reunification than the party advertises. Like the DPP, the NP's share of the vote is stagnant, at about 15 percent.

Thirty-five percent support for the Democratic Progressive Party and 15 percent support for the New Party leaves the Kuomintang in a position that is at once enviable and precarious. It is enviable because neither opposition party is capable of replacing the KMT as the ruling party. It is precarious because a coalition of the two parties could do so. As was noted, the December 1995 legislative election left the KMT with a majority of two seats in the legislature. Observers warned that the lax discipline and weak motivation of some KMT legislators might deprive the ruling party of an effective majority. Almost immediately, Kuomintang leaders' fears were confirmed when the opposition parties joined together to defeat a proposal for a fourth nuclear power plant by a 76 to 42 vote. Most of the 46 legislators who skipped the vote were KMT.

A MAN AND HIS PARTY

Given its weakness in the legislature, the KMT rejoiced at Lee Teng-hui's wide margin of victory in the presidential race. Why is Lee himself more popular than the party he leads? Perhaps the most important reason is the perception that only President Lee can provide the economic and political stability Taiwan needs to survive. Taiwanese believe in using the legislature to check and balance the president, but they fear rapid change. Other factors include the "Lee Teng-hui complex" and the desire to send a message to Beijing. Lee Teng-hui complex refers to the nearly inexplicable fondness many Taiwanese feel for the president. Even among ardent DPP supporters, Lee enjoys a certain reluctant affection. Democratic Progressive orators are famous for their extravagant attacks on KMT leaders from Hau to former Taipei mayor Huang Ta-chou, but Lee enjoys a certain immunity. A week before the presidential election, DPP organizers in Taipei worried that even the party faithful were wavering toward the incumbent. The election results bore out their

fears: the DPP's National Assembly candidates' vote share was 50 percent higher than that of their presidential candidate.

What causes the Lee Teng-hui complex? Lee was the first Taiwanese to achieve high office. He earned a Ph.D. in the United States, but returned to Taiwan, where he climbed the ladder of the government bureaucracy and ultimately achieved the top position. This alone won him enduring status as a hero of the Taiwanese people. Many Taiwanese also credit Lee with bringing democracy to Taiwan. While President Chiang initiated the democratization process, both his goals and his accomplishments were limited. It was under President Lee that Taiwanese saw multiparty democracy flourish and civil liberties bloom. In all of Chinese history, Lee has been the only head of state willing to stand for election.

And on reunification, one of Taiwan's most fundamental political issues, Lee comes as close as a politician can to being all things to all people. Many supporters of reunification believe that Lee is inextricably committed to the KMT's historic reunification policy. Meanwhile, some independence advocates are convinced that Lee secretly supports their position. Both sides argue that political necessity requires Lee to keep his public statements on the unification issue ambiguous. The majority of Taiwanese—those who support the status quo—find Lee Teng-hui on their side.

Yet another reason for Lee's landslide victory in 1996 was the perception that he had stood up to a bullying Communist Chinese government. According to Beijing, Lee's position on unification is not ambiguous at all: he opposes it. For months before the March election, Beijing kept up a steady stream of anti-Lee rhetoric, demanding that he be "swept into the dustbin of history" for advocating Taiwan independence. Immediately before the election Beijing turned to military intimidation to cow Taiwan's voters. If the purpose of these gestures was to undermine Lee's popularity, they were distinctly counterproductive. If anything, military exercises and missile tests appear to have increased Lee's vote share.

KEEPING BEIJING AT BAY

Lee's relations with Beijing were not always so antagonistic. In the late 1980s the two sides pursued slow but continuing negotiations over the details of economic and cultural exchanges. Taiwan's relations with the rest of the world were stagnant. The need to balance the mainstream

and nonmainstream factions prevented Lee from seeking a higher international profile for Taiwan. But the eclipse of the nonmainstream faction in the early 1990s freed Lee to argue that Taiwan needed a stronger international presence to avoid being forced into unification on the People's Republic's terms, and Lee's Foreign Ministry began maneuvering to put Taiwan on the international agenda.

Lee's 1994 "holiday diplomacy" initiative took him to several Southeast Asian nations, ostensibly as a tourist. Meanwhile, the Foreign Ministry pursued diplomatic relations with small nations in the South Pacific and Africa; its offers of economic assistance earned this policy the name "dollar diplomacy." Taiwan also invested in public relations and lobbying efforts aimed at winning friends in Western capitals; it campaigned aggressively to join international organizations (most notably the UN) and to host international sporting events.

Pragmatic diplomacy reached its pinnacle in 1995 when the Clinton administration, under pressure from Taiwan's friends in the United States Congress, granted Lee a visa for a private visit to the United States. Beijing, which insists the Taiwan issue is an internal matter, interpreted Lee's efforts to internationalize the cross-strait conflict as a move toward Taiwan independence. The mainland government was enraged at the United States, which it accused of interfering in China's domestic affairs. It was equally furious with Taipei. During the summer of 1995 the People's Republic substituted missile tests for cross-strait negotiations.

China's blustering worried Taiwanese voters, but few believed Taiwan would gain by giving in to Beijing's pressure. On the contrary, public opinion polls taken before this year's election found that for the first time, more Taiwanese favored independence than unification, although the majority continued to choose the status quo.

Beijing's rhetoric and Taiwan's resistance both intensified as the presidential election approached. In March, China resumed missile tests and military exercises in the Taiwan Strait. While preparations for the election continued unabated, Taiwan's

pragmatic diplomacy paid off once again when the Clinton administration sent two aircraft carrier battle groups to the Taiwan Strait.

Immediately after the election, Beijing's fever-pitch rhetoric subsided. According to mainland analysts, the Democratic Progressive Party candidate's poor showing proved that the Taiwan people reject separatism; totaling up the votes of Lee, Lin, and Chen Li-an, they declared that 79 percent of the Taiwanese people were "pro-unification." Forgotten were the previous accusations that a vote for Lee was a vote for independence. In June, Beijing made some conciliatory gestures, although at a low level. Talks are important, because economic ties between the two sides are expanding rapidly without a framework of agreements on direct communications, shipping, or dispute resolution. If Beijing follows through on its offer to replace military threats with negotiations on concrete issues, Lee will have won a major victory, resisting mainland pressure (and thereby solidifying his domestic support) without harming cross-strait relations in the long term.

PRESCRIPTION AND PROSPECTS

March 23, 1996, was a great day in Taiwan's history, and Lee Teng-hui's landslide win was a great victory for the Kuomintang. But despite the popularity of its chief, the ruling party faces difficult challenges. It must provide an honest, efficient government, and root out the corruption in its ranks. It must manage relations with the People's Republic successfully. To hold its majority it must cultivate personnel who are competent and electable.

Without Lee as the nominee, electing a Kuomintang president will be more difficult. KMT bureaucrats such as legislator Vincent Siew and Provincial Governor James Song are making the leap to elected office; more will need to follow their example. If the Kuomintang reforms itself and provides effective leadership, it could extend its tenure as the majority party indefinitely. But if it fails to make these changes, other political forces are eager to take its place. ■

"By early 1997...the shape of the [new Hong Kong] government will become clear. By then it should also be clear whether the anxieties that so many people harbor today are warranted."

Hong Kong: The Year Before Living Dangerously

FRANK CHING

On July 1, 1997, Hong Kong will revert to Chinese sovereignty after 155 years of British rule. Much of what lies in store for what will become the Hong Kong Special Administrative Region remains uncertain. However, the fundamental reasons undergirding China's decision to take back Hong Kong in 1997 while maintaining it as a special region separate from the mainland remain in place.

PUSHED TO ACT

The Chinese did not initiate the moves to return Hong Kong: the decision was forced on them by the British in the early 1980s. Beijing had made it clear that it did not recognize any of the treaties under which Britain had obtained possession of Hong Kong in the nineteenth century. The People's Republic of China considered the agreements "unequal treaties," forced on a weakened Qing dynasty by the British through gunboat diplomacy. From China's perspective, the expiration of a treaty it did not recognize seemed unimportant.

Pressed to make a decision by Britain, Deng Xiaoping, China's paramount leader, concluded that while he could turn a blind eye to continued British administration of Hong Kong, he could not formally extend British colonial rule over the territory. He therefore decided that China had to recover Hong Kong. Because of its economic value to China, Beijing sought to limit the impact of the change in sovereignty on Hong Kong.

Thus, while China did not recognize the valid-

ity of the treaty, it decided to allow Britain to continue running Hong Kong until the day it expired. China would not take Hong Kong back until July 1, 1997. And to minimize the impact of China's recovery of sovereignty, Beijing decided that Hong Kong would remain basically unchanged for 50 years after 1997.

ONE COUNTRY, TWO SYSTEMS

In the decades after the establishment of the People's Republic of China in 1949, China was largely isolated from the rest of the world, and Hong Kong functioned as China's diplomatic window. After China proclaimed its Open Door policy in 1978, Hong Kong resumed its role of facilitating trade between China and the rest of the world, a role that had been the colony's *raison d'être* in the mid-nineteenth century. The bulk of foreign investment in China flowed from Hong Kong.

Politically, China saw Hong Kong as a key link to the Nationalist, or Kuomintang government in Taiwan. It was in Hong Kong that the Communists sought to establish contacts with people close to the Kuomintang who could be entrusted with secret messages. In fact, so great was the perceived importance of Hong Kong's role to the eventual resolution of the Taiwan issue that Beijing decided not to take back Hong Kong until it had reunified Taiwan.

The policy of reunifying with Taiwan first before taking back Hong Kong was reversed because of the British pressure about Hong Kong's status. In the early 1980s Beijing announced the concept of "one country, two systems." Under this scheme, special administrative regions could be established that would allow systems and lifestyles different from those in mainland China, with the idea of applying the formula to Taiwan. After

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Britain stepped up efforts to resolve the Hong Kong issue, however, China decided to apply the formula of "one country, two systems" to Hong Kong first in the hope that Hong Kong would become a model for Taiwan.

RESTORING HONG KONG, RESTRICTING RIGHTS

With these issues in mind, the Chinese worked with the British to draft the Sino-British Joint Declaration on the Question of Hong Kong, which was signed in 1984. This agreement provided for the restoration of Hong Kong to China on July 1, 1997, and the establishment by China of a Hong Kong Special Administrative Region. As an SAR, Hong Kong would enjoy a high degree of autonomy; Chinese officials would not be sent to run the territory. The only areas in which Hong Kong would not enjoy autonomy would be defense and foreign affairs, which were reserved for the central government in Beijing.

The SAR would be vested with executive, legislative, and independent judicial power, and the existing laws in Hong Kong would remain basically unchanged. The rights and freedoms of the people of Hong Kong would be ensured by law, and the social and economic systems in the region would continue undisturbed.

Hong Kong would remain a free port and a separate customs territory, and would be maintained as an international financial center. Its markets for foreign exchange, gold, securities, and futures would continue. The renminbi, China's currency, would not replace the Hong Kong dollar. Instead, the Hong Kong dollar would continue to circulate and remain freely convertible, and foreign exchange controls would not be imposed on the territory. The central government would not levy taxes on Hong Kong, nor would it ask Hong Kong to help defray the cost of deploying Chinese troops to the territory. Hong Kong would also issue its own travel documents, and its police force—rather than Chinese troops—would be responsible for the maintenance of public order.

The future governor, to be known as the chief executive, would be from Hong Kong, chosen through elections or consultations, and the legislature would be elected. (Until 1984, all members of the Hong Kong legislature, known as the Legislative Council, were appointed.)

In the 12 years since the signing of the Joint Declaration, Chinese officials have reiterated these policies. Moreover, many of the details of Hong Kong's future have been sketched in, primarily in

the Basic Law, Hong Kong's future miniconstitution, which was promulgated by China's National People's Congress in April 1990. Drafters of the Basic Law, which is meant to implement the Joint Declaration, included people from both China and Hong Kong. The process took five years.

THE POLITICAL FUTURE OF AN "ECONOMIC CITY"

Chinese officials have warned Hong Kong against transforming itself from an "economic city" into a "political city." But British officials, especially Hong Kong Governor Chris Patten, have argued that it is not possible to keep the political aspirations of the people of Hong Kong bottled up. The controversies that have arisen between Hong Kong and China—and between Britain and China—have occurred largely in the political sphere. One centers on the extent to which democracy will be allowed to grow.

Because the Joint Declaration said that the legislature would be elected and not appointed, the British colonial government introduced elections in September 1985, the year after the declaration was signed. The idea was to gradually increase the number of seats filled by elections until 1997, when the entire legislature would be elected. The British intended indirect elections in 1985 to lead to direct elections in 1988.

Although Britain made its electoral intentions clear as soon as the Joint Declaration was initialed in September 1984, China did not respond until after the declaration had been ratified in May 1985. Then, within months, Beijing conveyed its unhappiness with the British. Xu Jiatun, China's representative in Hong Kong at the time, held a news conference and accused Britain of having violated the Joint Declaration. Under pressure from China, the British then agreed to the concept of convergence, under which British actions in Hong Kong before 1997 must converge with China's plans for Hong Kong after 1997. By doing so, Britain gave up the right to take the initiative on political reforms.

Thus the British did not hold direct elections in Hong Kong in 1988, as they had intended. The Chinese asserted that since the Basic Law was not yet in place, Britain could not be sure that its plans would converge with those of China. The introduction of direct elections, therefore, had to be postponed until 1991, the year after the promulgation of the Basic Law.

TIANANMEN AND THE END TO COOPERATION

British policy was to be as cooperative with

China as possible, and to present to the rest of the world an image of Hong Kong as largely untroubled by the transition to Chinese rule. When a brain drain appeared in the mid-1980s, the British deliberately played it down, with Hong Kong Governor Sir David Wilson saying that migration was a Hong Kong tradition and pointing to all the Chinatowns around the world as evidence. Wilson chose to ignore the fact that the number leaving Hong Kong annually had tripled in the years since the Joint Declaration.

The 1989 Tiananmen Square crackdown focused world attention on China and Hong Kong and led the British to drastically revise their policy toward the colony. People there were on the verge of panic in the aftermath of the bloody suppression of pro-democracy demonstrators on June 4, 1989, when tanks were deployed in the Chinese capital against unarmed civilians.

British policy changed from cooperation with China to confrontation in certain areas. Asserting a need to restore confidence in Hong Kong, Britain announced a series of measures. These included enacting a bill of rights ordinance, attempting to step up the pace of democratization, granting 50,000 Hong Kong families the right to live in Britain, and constructing a new international airport.

Britain called on China to take steps to restore confidence in Hong Kong, but the Chinese maintained that they had done nothing wrong in Tiananmen Square, and hence there was no need to restore confidence.

Yet China has taken steps to counter all the British moves. It has said it will repeal sections of the bill of rights and restore draconian laws that had been amended by the British to make them consistent with the bill of rights. Furthermore, China has said it will not recognize the validity of passports granted by Britain under the nationality scheme. Most important, China has rejected all appeals to increase the pace of democratization. As for the new airport, China has been able to use it as an instrument to gain a dominant voice in Hong Kong's decision-making process.

Tiananmen Square, in fact, led China to adopt a harsher stance toward Hong Kong. One million people had staged demonstrations in the colony in support of the pro-democracy movement in Beijing, and money and supplies had been sent to the demonstrators. Moreover, after the crackdown, people in Hong Kong took part in operations to smuggle Chinese dissidents into Hong Kong.

China, which had previously viewed Hong Kong mainly as a benign influence on the mainland, began to see the colony as a threat to the stability of the Communist government in China. As a result, a new article was inserted into the draft Basic Law stipulating legislation in Hong Kong that addresses subversion, secession, sedition, treason, and the theft of state secrets.

This provision, Article 23 of the Basic Law, calls for the legislation to be passed by the post-1997 Legislative Council. Exactly how such legislation will be worded is a matter of great concern within Hong Kong, since it would conceivably restrict rights currently enjoyed by the Hong Kong people—in particular, freedom of expression and freedom of assembly.

Lu Ping, the Chinese official with principal responsibility for implementing the government's Hong Kong policy, attempted to reassure foreigners and Hong Kong residents this spring about the coming transition. While he no doubt succeeded in explaining China's general policy toward Hong Kong, he also aroused concern within the colony when he spoke about the media's role.

Lu made a distinction between reporting and advocacy, saying that while Hong Kong newspapers would be allowed to report the news, there were certain issues they would not be allowed to advocate, such as "two Chinas," "one China, one Taiwan," the independence of Taiwan, and the independence of Hong Kong. Newspapers in Hong Kong currently are not under such restrictions. Moreover, the list of prohibited areas is likely to grow. Lu did say, however, that the press would be allowed to criticize Chinese government policies.

Much depends on whether future legislation is drafted narrowly or widely. The new legislature will come out of a Provisional Legislature that is to be set up in late 1996 or early 1997. Despite the Basic Law's stipulation that the Hong Kong legislature is to be elected, it is expected that the Provisional Legislature will in effect be appointed. China has said that the legislature's members will be chosen by a 400-person Selection Committee, which in turn is to be chosen by the 150-member Preparatory Committee that was appointed by China at the end of 1995 to resolve transitional issues.

The Chinese say they will set up a Provisional Legislature because the legislature elected in September 1995 under Patten's political reform proposals lacked Chinese approval. Among other things, the Chinese strenuously opposed Patten's

proposal to create new "functional constituencies" that gave a vote to every working person. (Former "functional constituencies," accepted by China, were confined to small electorates, such as doctors, lawyers, teachers, and bankers.) Despite British arguments that the legislature should serve out its four-year term, the Chinese have made it clear that the current legislature will end in June 1997. They say that new elections will be held in 1998, at which time the Provisional Legislature will be replaced with a legislature elected under the Basic Law.

Chinese officials such as Lu are quick to point out that the Basic Law says that the ultimate objective is the election of both the chief executive and the entire Legislative Council by universal suffrage. However, there is no timetable for this. Instead, the Basic Law provides that the Legislative Council will be elected through a combination of direct and indirect elections and "functional constituency" elections. This system would continue until the year 2007, when half the legislature would be directly elected. After that further changes to the election system will require the approval of two-thirds of the members of the legislature as well as the consent of the chief executive and China's National People's Congress.

Thus, as the countdown clocks in China continue to tick away the remaining weeks and months in the transition period, the extent to which rights and freedoms will be enjoyed and democracy allowed to bear fruit is still unclear.

BUSINESS AS USUAL?

One of the greatest dangers is not so much changes to the political and economic system as alterations to the political environment. It is entirely possible that after 1997 more and more facets of life may become politicized, including the civil service and the judiciary. Moreover, a new Hong Kong establishment dominated by a pro-China contingent may emerge as the new elite. This elite could dominate not just the legislature but the hundreds of boards and committees who advise the Hong Kong government on issues ranging from film classification to traffic controls. A wholesale change in personnel would bring about a totally different political environment.

Already the composition of the population is changing. More than 500,000 people have emi-

grated in the last 12 years, and their place has been taken by immigrants from China. Chinese academics have become commonplace in Hong Kong's tertiary institutions, such as the City University of Hong Kong, and more and more Chinese professionals are finding jobs in Hong Kong. Mandarin, China's official dialect, is heard with increasing frequency in Hong Kong's streets, elevators, and restaurants.

Hong Kong's business community has loudly proclaimed its confidence in the future. There is no reason to question China's promises regarding the economy: the territory will remain a financial center, and its financial leaders will make key decisions about the economy, such as whether to continue to link the Hong Kong dollar to the United States dollar.

However, mainland Chinese companies are likely to play a bigger role in future. The recent decision by two of Hong Kong's airlines, Cathay Pacific and Dragonair, to sell large chunks of their shares to Chinese companies is considered indicative of a future trend.

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UNRESOLVED ISSUES

China, for its part, is expected to help Hong Kong by limiting the numbers of people allowed to settle in Hong Kong. The number now is over 50,000 a year, but it would be many times that if China opened the floodgates.

Even though mainland Chinese will not be able to enter Hong Kong freely, China's National People's Congress recently provided an interpretation of the Chinese nationality law as applied to Hong Kong under which all ethnic Chinese residents of Hong Kong born in the colony or in China will be considered Chinese nationals after 1997, regardless of the passports they possess. They will also be allowed to use their foreign passports as travel documents.

This move was widely welcomed in Hong Kong, since it allows people to travel easily to China as Chinese nationals and to travel overseas as foreign nationals. But it is likely to create problems in the future when foreign governments claim the right to protect their nationals in Hong Kong—people China will regard as its own nationals with no right to foreign consular protection.

Chinese officials have offered reassurances that an ethnic Chinese who holds a foreign passport will be able to register as a foreigner if he or she so

desires. But they have also suggested that such a person may then lose his or her right of abode in Hong Kong. This remains one of the most important issues awaiting resolution.

Another unresolved issue is the adaptation of laws. While the Joint Declaration says that the legal system will not change, many of Hong Kong's current laws contain terms that must be changed to reflect Hong Kong's change in status, such as references to the British monarch; these will have to be deleted and replaced with references to the Chinese central government. The British have proposed that the Legislative Council pass appropriate amendments that will go into effect at midnight on June 30, 1997. China insists that the current Legislative Council does not have the right to make laws for post-1997 Hong Kong. It is unclear how this issue will be resolved.

While the legislature will be replaced in 1997, it appears likely that most members of the 180,000-strong civil service will continue in their posts. The Basic Law says that the chief executive will choose his or her principal officials, who will then be appointed by China (it was thought that appointments by China were meant to be purely symbolic but Chinese officials say the appointments will be substantive). Until a chief executive-designate is named, therefore, it will not be possible to say with certainty which top officials will keep their jobs.

The chief executive is to be chosen by the same selection committee charged with creating the Provisional Legislature. Opinion surveys show that Chief Secretary Anson Chan, Governor Patten's deputy and the head of the civil service, has the most public support to become chief executive. The Chinese, however, may be unwilling to accept her as chief executive since she was appointed by Patten, who is seen by China as an implacable foe.

A businessman, C. H. Tung, is believed to be China's favorite for the post. Tung, whose family's shipping business was rescued by the Chinese government from financial ruin in the 1980s, is also well regarded by the British. Patten appointed him to the policymaking Executive Council in 1992, although he tendered his resignation in June 1996 to avoid any conflict of interest from simultaneous service on the Executive Council and the China-appointed Preparatory Committee. While Tung is believed to be favored by China, it is by no means certain that he will become chief executive.

Like the civil service, the judiciary is supposed to transcend 1997. There are, of course, fears that

it might lose its independence. A court of final appeal is to be set up in 1997 to replace the privy council in London. The Joint Declaration and Basic Law both say that overseas judges can sit on the court of final appeal. This decision was meant to strengthen the court's independence, since foreign judges are believed to be less vulnerable to Chinese political pressure. However, the Chinese refuse to allow more than one overseas judge to sit on the court on any one case, and the British have acceded to this. There have also been reports that judges have been told that although their jobs are guaranteed by the Basic Law, they can be demoted even if they cannot be fired.

THE FUTURE EMERGES

The Sino-British Joint Liaison Group, which was established to resolve transitional matters, still has a long agenda to go through, including dealing with air service agreements Hong Kong has with other countries. The Chinese have approved some of these agreements, but others have yet to be approved, and time is running out. Even the details of the formal ceremony at which Britain will turn Hong Kong over to China have yet to be agreed on. Still, much progress has been made and it now appears unlikely that the two governments will have to stage separate ceremonies, a possibility raised at one point by Governor Patten.

Another unsettled issue is the question of Taiwan's role in Hong Kong. The Chinese have said that Taiwan's economic ties with Hong Kong can continue after 1997, but issues such as how visas for Taiwan will be issued for people in Hong Kong remain unsettled. At present Taiwan's interests in Hong Kong are represented by several bodies, the most important of which is the Chung Hwa Travel Service, which represents Taiwan's foreign ministry. It is unclear whether Chung Hwa will be allowed to continue to function in this role after 1997.

As 1997 approaches, Hong Kong's eyes are focused on China. The British colonial administration has been reduced to lame duck status and every decision it makes that transcends 1997 is challenged by China. By early 1997, with the emergence of the chief executive-designate and the membership of the Provisional Legislature, the shape of the new government will become clear. By then it should also be clear whether the anxieties that so many people harbor today are warranted. Hong Kong's post-1997 future may well be shaped in the coming months. ■

"Jin [Xiulin] is one of 70 million to 100 million Chinese peasants who are on the road in search of jobs in towns and cities. The migrants are coaxed from their villages not only by the prospect of a better livelihood; they are compelled to leave." Ann and James Tyson paint a portrait of the hardships of those who move from country to city and of those who are left behind "in one of the largest peacetime migrations in history."

China's Human Avalanche

ANN AND JAMES TYSON

Early on a winter morning, in the darkness before dawn, Jin Xiulin slips out from under a cotton quilt, dresses, tiptoes by her sleeping niece, and steals out of her huddled brick dwelling into a cold drizzle.* She climbs onto a public bus and wedges herself into the damp, odorous pack of passengers. Rows of apartment houses jostle by, four-story tenements slapped together from concrete slabs into gray cubicles dimly lit by lone lightbulbs. On the edge of the city of Shashi the bus rises onto the spine of a dike, rides a network of the earthen ramparts, and descends toward a power plant and textile mill built in a wide basin.

Jin steps from the bus in front of a sheet-metal hut. She removes the padlock on the tiny workshop and switches on a fluorescent lamp. As the cold wind rattles the metal around her, she cuts cloth to be sewn into dresses by her employees, her niece and a fellow peasant migrant. Under the cold fluorescent glare, Jin puts in a few hours of work before sunrise heralds the arrival of customers who stop on their way to work in nearby factories. Seven days a week she labors shoulder to shoulder with her seamstresses, bending over scissors or hunching over a foot-powered sewing machine.

Jin is one of 70 million to 100 million Chinese peasants who are on the road in search of jobs in towns and cities. The migrants are coaxed from

their villages not only by the prospect of a better livelihood; they are compelled to leave. Their flight testifies to the poverty, hardship, and unrest in the countryside. They are running from corruption, high taxes, and strict state controls on childbirth. They are also fleeing the lack of economic opportunity and the severe slowdown in the rise of living standards in China's villages.

Like many peasants nationwide, one in every five laborers in Jin's village of Baihe has gone to the city in search of work. Usually they must accept the dangerous and dirty jobs shunned by city dwellers. The *mangliu* (blind drifters) toil at construction sites on rickety bamboo scaffolding. They haul flatbed carts of garbage and tanks of night soil through the streets. They crouch amid the dust of curbsides, repairing shoes or awaiting work as charwomen or day laborers.

The exodus of Jin and other peasants is a wrenching rite of passage for China as it evolves from an agrarian to an industrial society. In terms of humanity, the stakes are enormous. The "human avalanche" is one of the largest peacetime migrations in history. Never have so many people taken to the road at once in search of good fortune beyond the horizon. The migrants are restless forerunners of a vast army of idle laborers among China's 860 million peasants, the world's largest rural population. They began setting out from villages in large numbers in the early 1980s after the Communist Party eased its grip on their lives by dissolving Mao's communes. Family farms revived and dramatically raised productivity. Millions of the peasants left idle by the reform have quit the land in search of prosperity.

By the next century, the number of surplus workers in the countryside will probably increase

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*We have used pseudonyms to thwart official reprisal. The name of the home village has also been changed.

to 200 million as every year 10 million Chinese born during the 1966–1976 baby boom come of age. Construction on arable land will annually push 4 million farmers from their fields. While rural industry, the most dynamic sector of the economy, has employed tens of millions of peasants, it can absorb only a small part of the vast reservoir of jobless farmers. Many of the redundant workers will seek jobs in cities despite government efforts to stem the exodus.

The migrants are a relentless, volatile force and a major worry for China's leaders. The "muddy legs" loiter in teeming cities across China. Many of the migrants are hungry, tired, poorly educated, and easily abused. They lack urban residence registration and the grain rations, housing, health care, and other benefits that often go with it. They labor with little or no legal protections. Because of the desperation and abundance of the itinerant workers, bosses fire many of them at will, pay them meager wages, and work them in hazardous sweatshops more than 14 hours a day. Overall, the migration is a symptom of the kind of turmoil and rural discontent that have sparked upheaval and government collapse throughout Chinese history.

Since moving to the city, Jin and millions of migrants have turned their backs on Maoist dogma and embraced modern values that could fuel the widespread unrest feared by the party leadership. By acting on their ambitions, the migrants are shunning the orthodox mores of self-sacrifice, shared struggle, and equal wealth. They have forsaken the traditional ideal of cooperation and embraced the modern market principle of competition much faster than the peasants back in their native villages.

CITY MOUSE, COUNTRY MOUSE

As her savings and confidence have grown in the city, Jin has become headstrong and fond of fashionable clothes. She has pushed aside the communitarian values of her home village. Jin has also exposed her two daughters and eldest son to a comparatively freewheeling, forward-looking urban lifestyle by sending them to college in the cities of Wuhan and Xian. In the eyes of Jin's husband and other villagers, Jin and her children seem to bristle with individualism and self-assertiveness when they return to the village. As in the households of other migrants, the younger, bolder, or more resourceful members of Jin's family were the first to break the bonds of ancient tradition and Communist edict. Their modern values have split

the family, dividing wife from husband, father from son, and sister from brother.

The party has intensified the ethical strains afflicting millions of Chinese families moving from village to city, field to factory, and poverty to plenty. It still tries to control where Chinese live and what they think. Antiquated laws hinder the flow of people and ideas between urban and rural China. The party also bars private ownership of land, a rule that hampers investment between city and countryside and between the flourishing coast and the sleepy hinterland. The restrictions, many left over from the Maoist era, worsen the destabilizing disparity in wealth between urban and rural China and between the coast and the interior. The constraints inhibit a smooth integration of the country with the city and discourage a melding between traditional collectivist mores and modern individualistic values.

In Jin's native Hubei province and many parts of China's hinterland, the gap in living standards and beliefs between people in the city and countryside remains vast. Nationwide, peasants annually earn less than half the income of city dwellers. The government fails to provide peasants with medical care, schooling, and other services at the level enjoyed by urban Chinese. Rural residents lack the same opportunities for entrepreneurship that enable urbanites to prosper. A party ban on private ownership of land denies peasants the efficiencies and wealth that could come with the freedom of individuals to buy and sell land. So in most of China the transition from city to countryside is abrupt, as one ventures suddenly from paved roads to footpaths, from unruly hawkers in swarming markets to languishing clumps of peasants in torpid village crossroads, from robust hope to blank resignation.

For Jin, the clash in values between city and countryside is as jarring as the move from the comforts of Shashi to the hardships of her native Baihe. In a livelier economy and looser society, Jin and her family could more easily reconcile modern and traditional values. Along the comparatively prosperous and progressive coast, members of the same family who have found work in rural enterprises near their homes can cope with strains in values together. By remaining in their native homes, these families can harmonize conflicting values more easily than can inland migrants. They are attuning urban individualistic values to rural collectivist traditions and turning their coastal villages into suburbs. But both the location and out-

look of Jin's native village are too remote for a smooth, rapid transition from old to new ideas. As Jin quickly prospers she, like many migrants and city dwellers, increasingly finds her village backward and oppressive.

HOMECOMING

Jin finds it difficult to return for a visit to her home village. Since moving to Shashi in 1986, she has gone back to Baihe only twice, for the lunar New Year, the holiday Chinese families cherish most. She quickly tires of the crude lifestyle and straitjacket values in the village. She especially feels the sting from inept, corrupt, and intrusive officials; they are closer at hand than in Shashi. Indeed, for Jin a trip back to Baihe affirms the wisdom of her bold migration. It makes her appreciate Shashi and its relative comfort, easier mores, and respite from constant government hectoring.

Returning home, Jin feels a mixture of pride and self-consciousness. Walking alongside a creek past thatched dwellings, she carries pastries, fruits, toys, cassette tapes, and other gifts that many of her fellow villagers will never afford. Her outfit is cleaner, more colorful, and more stylish than the tattered and dirty olive drab and blue clothes they wear. Some of her former neighbors greet her from their yards; others turn away from her into the darkness of their dwellings. Jin again sees the poor, cramped life of those who submit to official restraints on residency and to strict customs that tie women to the home.

As Jin approaches the green double doors of her small dwelling, she must hold inside a storm of conflicting emotions. She can count on a warm, happy welcome from her daughter-in-law and two grandsons who live there. But the heavy doorway symbolizes her subservience to her husband, Peng Min, according to an ancient Confucian tradition. (Jin has retained her maiden name, following Chinese custom.)

Indeed, the return to Baihe for Jin is like a return to the values and lifestyle of preindustrial China. In Shashi, Jin has a steady supply of electricity; in Baihe electric light comes only in intermittent bursts. In Shashi she gets water from a tap; in Baihe she must carry two buckets on a yoke across a creek to a well. In the city she rides taxis, buses, and cars; in remote Baihe she must rely on water buffalo, bicycles, and horse-drawn carts.

For Jin and millions of villagers in China, the road to the city is the only way out of poverty.

For Jin and millions of villagers in China, the road to the city is the only way out of poverty. The moribund economy of Baihe offers few opportunities for seamstresses and other skilled laborers. Before going to Shashi, Jin worked throughout the year but was often paid only at harvest time when her customers were themselves paid by the state for grain. Craftsmen like Jin's youngest son, a carpenter, also watch their talents go to waste. He and his father tried to launch an enterprise making wooden crates for factories in the nearby city of Shishou. But they confronted myriad obstacles: uncertain transport and a dearth of management expertise, capital, and raw materials. So the young man left his wife and two young sons behind in the village and took up a job with his uncle's roofing company in Shashi.

The villagers' only sure resources—land and labor—also fall short. Quoting a popular adage, villagers say that the land and profits from tilling are so limited that they could not get by even if they reaped gold. Each person in Baihe may lease no more than a third of an acre. Farmers' incomes have shrunk since 1987 because rising prices of plastic sheeting, pesticides, fertilizer, and other agricultural supplies have far outstripped increases in the state purchase price for grain and cotton. As a result, more than half the village households are in debt to one another, to collective enterprises, and to village governments.

RISING ABOVE THE MIRE

Of all the symbols of the backwardness and hardship of rural life for Jin and her family, none is more powerful or inescapable than mud. By moving to Shashi, Jin has found refuge from the fickle and cruel shifts of the Yangtze River and its ancient, ever present legacy of mire. She has won a separate peace for her family from the epic contest between man and mud that has preoccupied her village for centuries.

Jin's family and other villagers expend much of their sweat, money, and time trying to keep the water and earth of the Yangtze in safe, fruitful proportion. Their efforts are often in vain. According to local lore, the Lotus Pond River on the western side of the village changes course and overruns the village every 30 years. The river is a tributary of the Yangtze, which flows by the village's eastern side. A 10-yard-high earthen dike encircling the village occasionally gives way to the swelling and

capricious shifts of the rivers. At flood time in July, each of the village's 331 families must send out an able-bodied man to stand on the dike around the clock. If necessary, these men reinforce the embankment with a mixture of mud and straw hauled on yokes and baskets. The rivers routinely flood the only road leading to Baihe, turning the village into an island sunk far below water level behind its earthen bulwark. If the surging rivers are especially menacing, all 1,300 villagers mass on the dike with shovels, yokes, and baskets at hand.

Within the dike the villagers can usually control the balance of water and earth in their fields. Using ramshackle sluices, they regulate the water flow from the river into a creek, through the village, and into fields of jute, tangerines, plums, rice, cotton, and sweet potatoes. When heavy rains bring too much water, they pump out the fields.

Outside their fields, however, the villagers throw up their hands and abandon all but the most critical efforts to keep the water at bay. Everything assumes a coat of mud, smeared, caked, swiped, or smudged. It covers children from heel to hair and chickens from feet to comb. It outfits man and beast in drab, impressing everything animate into a uniform army of the humble and the vulnerable. It seems to ooze up walls and across thresholds, reinforcing the siding and packed earth floors of the wattle and daub dwellings.

To the villagers, mud symbolizes their penury and backwardness. Not even the party, to say nothing of rural entrepreneurs, will build workshops or small factories on the vulnerable land of Baihe. So as many villages in China rush toward prosperity behind a vanguard of rural enterprises, Baihe remains destitute. The per capita annual income is just \$130—20 percent less than that of the national average for peasants and about one-third the income for city dwellers. The mud holds villagers in poverty more than anything else. Its coming every year reminds them of their helplessness before nature. A flood in 1943 swept away the house of Jin's husband and forced his family to spend a sodden, bitter winter huddled on a dike. A surge of the Yangtze in 1954 that killed 33,000 people wiped out the duck flock that Jin's father tended for a living. It is no wonder then that Jin and other villagers measure progress by how far they have risen from the mire. They migrate to the city not just for higher pay but for higher ground, to go from muck to macadam.

THE HOUSE THAT JIN BUILT

Jin ostentatiously proclaims her successful rise from the mud. Using her earnings and savings, her family built a new brick and tile house in 1987 for \$1,300. The whitewashed structure, the only clean-looking dwelling in the village, gleams from among the surrounding brown mire and earthen homes like a shining, arrogant challenge. She enters the house and embraces her children, her crowning achievement.

Day to day, Jin's family cannot hope to maintain its snow-white home in Baihe as a symbol of transcendence over mud. Each morning, observing a friendly peasant custom, the family removes a heavy beam from the front doors and flings them open to the dawn. Dogs, cats, sparrows, roosters, hens, chicks, and bugs enter the three-room dwelling. Each brings its own distinctive track of mud. Like the neighbors who drop in, the creatures tend to gather in a large, central front room under a ceiling fretted by rough-hewn rafters 20 feet off the concrete floor. The creatures freely peck, gnaw, cluck, scratch, doze, roost, and defecate. At sunset the sparrows and chicks gradually stop chirping and peeping and stay the night. The sparrows perch on the rafters among the hung laundry; the chicks nest in a corner beneath a sawhorse and the butts of two 15-foot logs to be hewn by Jin's son. The other uninvited visitors file out unprompted before bedtime.

The house Jin built is an indication that in China's poorer villages even well-off peasants live crudely. The design of the 300-square-foot dwelling is basically the same as in peasant homes across most of China. Leading from one side of the front room are doorways to two bedrooms. Jin's second son and his wife sleep in one of the rooms on a bed canopied with mosquito netting. On a small dresser stand neon-colored plastic chrysanthemums, apples, and peaches, a black-and-white television, and a wardrobe. Their two young sons sleep in the other room. Jin's husband, Peng, eats and sleeps in the medical clinic at the village crossroads, a 10-minute walk away. He is one of the village's two doctors. On the other side of the front room is a dark and narrow kitchen with a sagging tar-paper ceiling and two woks fired with sticks and coal. Behind the kitchen lives a pig in a sty. Adjacent to him is the family privy, a crude open teepee made of jute stems partially shielding a hole in the dirt crossed by two parallel boards. The pig, with his grunts and acrid odor, is an eager, intimate companion to those in the kitchen and the privy.

Jin has decorated the house in a way that testifies to how migration mixes a bizarre brew of conflicting values within a family. In the front room, posters and scrolls either made in the village or bought in the city suggest a mélange of traditional, Maoist, and modern mores. "Big fortune upon opening the door; good luck when going out," declare couplets written in black on red paper and pasted on the front doors. Directly across from the doors hangs a colorful five-foot scroll from which the wizened and berobed gods of longevity, prosperity, and official prestige beam as they hug frolicking children on a golden horse-drawn cart. On either side are scrolls. One says, "With the blessings of the three gods, this land of intellect produces people of eminence." On the other side, another scroll says, "With the arrival of the five guarantees, the country is in harmony and the people in peace." (Mao mandated that his "people's communes" guarantee childless and infirm senior citizens five benefits: food, clothing, medical care, housing, and free burial.) Beneath the scrolls, in another tribute to Maoism, glares a poster of a female navy pilot wearing a life vest and helmet, a marine with an AK-47 assault rifle and gunbelt, and a woman in a naval dress uniform. Across the bottom of the large, neon-colored plastic poster are the words, "The cream rises together." Among the messages of antiquity and dour militarism are the coy, softly seductive images popular in China under reform. In one poster a dewy-eyed young woman cuddles a kitten against her cheek. In another, a smiling girl clinging to a guitar reclines in a hammock. In a third, a shapely female in a striped bathing suit dallies by the side of a pool.

For a few days during her rare visits, Jin enjoys the slow rhythm, neighborly warmth, and mud-between-the-toes feeling of the village. But villagers also give her an earful of complaints about the government. The widespread rancor toward officials, like the crude living standards, makes Jin appreciate her life in Shashi. Indeed, corruption is the biggest popular gripe in the countryside and a leading inducement for migration, according to comments by scores of peasants in dozens of villages in China.

In Baihe, village officials have capriciously raised a slew of levies on the peasants. They have set the price of electricity far above the state-suggested rate and pocketed the difference. Also, offi-

cials have more than doubled the tax on land since 1987, plunging many families deeper into debt. They frequently seize the grain of villagers who refuse to pay the tax. Jin's daughter-in-law has a large concrete bin for rice next to the back door but she keeps it empty. Instead, she stores rice in a large clay vessel next to her bed behind a wardrobe in a room with a locked door and barred windows.

Officials add insult to injury by brazenly engaging in petty abuses. They spend much of their time "building the Great Wall," a slang term for mahjongg, the gambling game in which players line up dozens of small tiles in a long row. The officials are also guilty of *chihe* (eat-drink), the use of public funds for wining and dining. The village's only eatery opened primarily to serve officials who regularly regale higher cadres touring Baihe. If the village officials have not exhausted their annual banquet budget at the end of the year, they spend the remainder on themselves, according to Peng,

Jin's husband. Villagers have no surefire way to revoke unjust taxes or to unseat abusive officials.

"Even if someone points his finger at an official's face and says, 'You're corrupt,' the official will say, 'Okay, so go to Beijing and sue me,'" Jin's brother-in-law said. "Everyone knows there are bigger problems for the leaders to deal with than corruption in the countryside."

Every three years the villagers "elect" a seven-member village council from among eleven candidates selected by the Communist Party branch in the township. But the ballot serves mostly as an announcement. The first seven candidates listed on the slate always win, Peng said.

BIRTH GUERRILLAS AND "BLACK CHILDREN"

Among state controls, family planning is the most intrusive, most infuriating, and potentially most abusive.

"Deal resolute blows against excess birth guerrillas!" implores an official slogan scrawled in large characters on a wall outside the village. When Jin's youngest son fathered a second child, in violation of the one-child-per-couple policy, he could not pay the fine. So village officials seized his black-and-white television, bed, table, bureau, and other furniture. The officials auctioned the possessions and compelled the son's wife to undergo sterilization. Often officials pocket part or all of the "excess birth" fine of \$280, a figure more than twice the per capita annual income in the village,

Peng said. Thousands of migrants have become birthing "guerrillas," leaving their villages to evade local birth control officials. The official press has labeled the more than 1 million children illicitly born on the road as "black children."

Peasant hostility toward officials extends beyond corruption and resentment over birth control to all kinds of contacts. The tension is palpable in Baihe. At daybreak a cuckoo begins to sing as the soft dawn light silhouettes the feathery leaves of a water cedar tree standing beside a still creek. It is Sunday, 5:15 A.M. Suddenly, villagers are jolted awake as loudspeakers throughout the village growl with the sound of the local leader clearing his throat.

"Comrades, in some cotton fields farmers have not dug irrigation ditches. Those who have are diligent; those who haven't are lazy," blares the leader.

"Comrades, all work group leaders will meet this morning; the meeting will start on time regardless of wind and rain," the village leader says before delivering a long lecture on farming.

Later, 25 minutes after the scheduled start of the meeting, the village leader no longer speaks in a lordly tone but shouts in a high, cracking voice, "Group leaders come to the meeting right now!"

IN CHARGE BUT NOT IN CONTROL

It is more than the sleepiness of a Sunday sunrise that makes it hard to rouse the villagers of Baihe. Throughout rural China, party cadres have seen their power to marshal farmers erode in recent years. With the exception of taxation and birth control policy, the party has eased most day-to-day restrictions on farmers since the move to market-oriented reform. Baihe villagers and other Chinese are far less dependent on the party than before reform. Jin, Peng, and other rural Chinese see the party as irrelevant or as an outright impediment to their struggle for prosperity. The party has never been geared to giving material and moral support to a migrant woman like Jin or to other kinds of newly self-assertive Chinese. It is unequipped to ease the social tensions that flare from their gumption.

The party surrendered some of its authority in the early 1980s by making farming families rather than the commune the basic organizational force for agriculture. The "household responsibility system" prompted a surge in incomes and grain production in Baihe and villages across China. But by promoting such sweeping change, the party denied

itself many day-to-day controls over the land and those who till it. For example, it can no longer coerce villagers by withholding remuneration for fieldwork as it did when it kept Chinese peasants strictly regimented in communes. In wealthy villages nearer the coast, many farmers have abandoned farming and prospered in commerce, services, rural enterprises, and other work outside immediate party control. As a result, the party is no longer the sole boss and benefactor for farmers; it is just the most powerful among society's several emerging interest groups.

Jin's brother, Jin Guosheng, has felt party power slip through his own fingers. He built a reputation for efficiency and rectitude during 11 years as party secretary in a village neighboring Baihe. Eight of those years he spent concurrently as village leader. He launched a small lumber mill and other lucrative collective enterprises, and he organized the funding for and construction of a \$36,360 water tower and pipe system that provides the luxury of running water.

Although the 2,000 villagers respect Jin Guosheng, his authority steadily degenerated. He quit his official posts in 1992 because he felt he was becoming the local villain while coping with what he calls the "five difficulties" of the village cadre: land, birth, death, water, and high officials. He repeatedly had to dun his neighbors for tax payments, including an annual levy of \$22.50 for every acre of land. He also had to collect \$272 from couples who broke family-planning regulations. When villagers died, Jin had to compel grieving families to cremate the remains in Shishou rather than hold a traditional burial on scarce land. He was also responsible for rallying reluctant farmers to donate their labor and money to common efforts in ditch digging, dike building, and other water conservancy projects. Finally, like his neighbors, Jin grew exasperated with officials.

"Township officials don't do solid work; they just give orders and expect village cadres to do all the work," he said, strolling through his lush two-acre field of cotton, sweet potato, tangerines, medicinal herbs, red pepper, plums, green beans, and grapes. "The officials' orders keep us running around all the time and meanwhile the higher officials never come down to the grass roots."

Like many of his neighbors, Jin has forsaken public service in search of personal gain. He is trying to emulate Peng's brother and make a fortune selling and installing tar paper. To do so, he has followed his sister Jin to the city.

THE BRIDGE TO . . .

Jin's family and other villagers can largely blame the national leadership for poverty, corruption, and most other official abuses. The harm from craven party leaders is clear at Baihe. On most mornings Peng shoulders a bamboo yoke with two pails and sets off into the dawn mist across a crumbling stone bridge toward the village well. In recent years as Peng crossed the bridge, he has regarded the cracked structure as a symbol of China's faltering effort to bridge the gap between indigence and affluence.

"Everyone uses this bridge and some villagers have plenty of money, but still we let it go to ruin," Peng says, pointing at the mossy span and shaking his head. "During the years of reform, we've only worked for ourselves, not for each other," he says as he sweeps a finger toward the mud and thatch dwellings around him.

Peng's disgust underlines the failure of the government to carry out full economic reform in the villages of China. Overall, market-oriented change has helped many of China's 860 million rural residents to prosper more than ever before. The per capita income of farmers more than tripled in the decade after paramount leader Deng Xiaoping disbanded Mao Zedong's communes and condoned family farming. But as self-reliant peasants like Jin cross the bridge to prosperity, many Chinese who are more dependent on the rickety socialist economy remain behind. State investment in agriculture has sharply declined under reform. Meanwhile, in Baihe and most other villages nationwide, the steep rise in the rate of inflation has far outstripped the meager rise in farmers' incomes. Consequently, village tax revenues are insufficient to pay for the maintenance of crucial public works like the bridge in Peng's village.

The bridge is crumbling in large part because of political cowardice in Beijing. China's leaders are too ideologically divided and afraid of unrest to finish the high-stakes task of reform. They shy away from carrying the economy completely from socialism to a market system. Conservative leaders have ruled out allowing Peng and other peasants

to own or sell land. They shrink from completely removing controls on prices of agricultural goods and undertaking other reforms essential to invigorate the economy. The political uncertainty and irresolute leadership have provoked fears among Peng's neighbors and other Chinese peasants about a return to collective tilling. The farmers refuse to invest in the common good, favoring their own short-term interests instead. The cash-strapped government has not filled in the financial gap as it formerly did. Therefore, vital public projects such as roads, irrigation systems, and the bridge in Peng's village have gone to ruin.

The party, like Jin's family, is shaky because it has not fully adjusted to the profound shift in popular values from collectivism to individualism. Chinese today tend to cooperate less and compete more than at any other time under Communist Party rule. Before the party eased its totalitarian grip in the early 1980s, Jin and other Chinese knew they had to pull together in order to survive. Now that economic reform has all but guaranteed subsistence, common citizens like Jin no longer scratch for mere survival while clinging to aredo of cooperation. They increasingly strive for riches by upholding the idea of competition. S/ia, the party tries to hold citizens to collectivist values even though they are increasingly living and working for themselves. Party leaders want the enriching benefits from individualism, but they do not want to give up the harsh autocratic powers of their Leninist state.

At the end of one of Jin's visits home, the Pengs and their kin followed an old Chinese custom and saw her off on her journey back to Shashi. The family trudged the two miles on the road to the bus stop in the nearest town. Jin occasionally glanced at Peng as they silently walked far apart. She climbed onto the bus and sat down. As the engine started up, she quickly turned back to look at Peng. He had already turned away, heading back to the village. The engine roared and he disappeared behind a cloud of dust. As the bus jounced away, Jin tightly shut her eyes and pressed her forehead against the window. ■

Beijing has once again begun tolerating religious activity. Donald MacInnis, who has "attended packed services in Protestant and Catholic churches, witnessed overflow crowds in Buddhist temples on religious holidays, and interviewed Buddhist, Muslim, and Daoist clerics in reopened mosques and temples," discusses the extraordinary resurgence of religion and how it could shape the China that is emerging under reform.

From Suppression to Repression: Religion in China Today

DONALD MACINNIS

In 1974, two years after President Richard Nixon's historic trip to China, I was able to secure a visa and travel through six provinces and five major cities in China. China was still caught in the partisan struggles of the Cultural Revolution. Not once did I see a church, temple, monastery, or mosque that was open to the public. All had been shut down and many vandalized by bands of youthful Red Guards answering the call of Chairman Mao to "Attack the four olds!": old ideas, old habits, old culture, and old customs. It was easy to believe that religion in China had been dealt a mortal blow.

I asked a young woman student on the campus of a formerly Christian university if young people still believed in the old religions. She replied, "There is no need to. Since the new society is based on scientific materialism, the old superstitions were proved to be false." Asked whether young people might not be curious and seek out the old religious believers to "learn from the past" (a slogan current at the time), she replied, "Why would anyone want to discuss the old religions? What do they have to do with our new society? It simply would not interest young people. It's irrelevant."

When I returned to China six years later, religious services were once again being held, and in subsequent visits, traveling in 10 provinces and 3 autonomous municipalities, I have attended packed services in Protestant and Catholic

churches, witnessed overflow crowds in Buddhist temples on religious holidays, and interviewed Buddhist, Muslim, and Daoist clerics in reopened mosques and temples. Young people are prominent in religious services of every faith.

Since the Communist Party's December 1978 decision to reinstate limited freedom of religious belief and worship, a religious revival has taken place in a China that is still officially Marxist. What happened in 1966, in a country permeated with religious customs and beliefs, to bring about a total shutdown of religious practices? And why does a Marxist regime today not only tolerate but encourage the revival of religious practice, albeit closely restricted?

FROM REPRESSION TO SUPPRESSION

In the first 15 years after the Communists came to power, the public practice of religion survived, although increasing government restrictions during those years brought about profound changes. Missionaries were expelled and foreign assistance was cut off. Prominent religious leaders were subjected to public trials and sent to labor camps or prison; religious believers were intimidated; and many places of worship were closed or secularized. The practice of religion was systematically being choked off.

Then, with the eruption of the Cultural Revolution in 1966, the public practice of religion in China was totally suppressed. Churches, temples, mosques, shrines, seminaries, and monasteries were closed, converted to secular use, or vandalized. In the turmoil of the Cultural Revolution many of them were destroyed, thousands in Tibet

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A BRIEF HISTORY OF RELIGION IN CHINA

The decline of the major traditional religions in China, Buddhism and Daoism, began long before the Communist accession to power in 1949. Buddhism, brought to China from India centuries earlier, was at its peak during the Tang dynasty (618–907 A.D.). Buddhism was practiced by every social class: from members of the imperial court to the humblest peasant. Buddhist temples and monasteries were the largest landowners in China, and great numbers of men and women joined the *sangha* (monastic communities). According to one source, there were over 2 million Buddhist monks in the fifth century during the Northern Wei dynasty.

Then, for a number of reasons, a great suppression of Buddhism took place between the years 842 and 845. Temples and monasteries empirewide were destroyed, their lands confiscated, and many clergy secularized, initiating a decline that continued into the twentieth century.

The imperial dynasties that began with the Sung (960–1279) developed an elaborate apparatus for maintaining an official orthodoxy based on resurgent neo-Confucianism; a network of ideological control and indoctrination reached into virtually every home.

...the duty of the Confucian monarch and the

Confucian elite, chosen through the imperial examination system, to spread orthodox doctrines. The lay ethic of neo-Confucianism was used to pull the masses away from traditional religions. The Buddhist *sangha*, apolitical and passive, had neither the organization nor the political power to resist.

But religiosity continued among the peasant population. Buddhism and Daoism as practiced by the people changed through the centuries. Popular folk religion became a fusion of Buddhism, Daoism, and local cults that persists to this day in many parts of China. (Recent field studies show that these local cults are experiencing a widespread revival.)

As the dominant religion and culture of 10 ethnic minorities in China, Islam has survived and thrived since it was first brought in as early as the eighth century by Arab traders. Muslim believers have survived almost as hermetic communities within the larger population.

Christianity was introduced into China in the late Ming dynasty by Jesuit missionaries, and by Protestant missionaries in the nineteenth century, following the Opium War and the Treaty of Nanking, which opened up five treaty ports. Both forms of Christianity were firmly established by the mid-twentieth century.

alone. China's ultraleftist leaders during that period, bent on eliminating religion, prohibited all public religious activities and incarcerated thousands of clergy and laypeople from the five officially recognized religions: Buddhism, Daoism, Islam, and Protestant and Catholic Christianity. Thousands of celibate monks, nuns, and priests, especially among the Tibetans, were forcibly laicized, and many were reportedly forced to marry. Graveyards were dug up and converted to farmland. Shrines and temples linked to local folk religions, once ubiquitous throughout the countryside, disappeared. Pilgrimages to holy places were banned.

Public religious services did not resume until 1979, following the third plenum of the eleventh party congress. Christian churches and Muslim mosques began to hold services that year, and Daoist and Buddhist temples and monasteries reopened, while renovations began for many oth-

ers that had been seriously damaged by Red Guards and other vandals. In some cases government financial aid was provided.

CHURCH AND STATE AS ONE

China has both a state religion and a bureaucracy for government supervision of religion: Marxism is the surrogate religion, and the Religious Affairs Bureau, which is accountable to the Communist Party's United Front Work Department, oversees religious activities.¹ The RAB, with offices at the national, provincial, and local levels, serves as the intermediary between the organized religions and various government agencies.

Religious leaders say that the RAB, while providing assistance for tasks such as evicting illegal occupants of religious buildings, often interferes in the internal affairs, including the finances, of local religious congregations, although this seems to have eased in recent years. Some RAB cadres are said to have an antireligion bias, viewing all religious believers with suspicion, and obstructing rather than implementing the policy of religious freedom set forth in the national constitution. Protests over the abuse of power by party cadres

¹The purpose of the United Front is to "seek the common ground" of patriotism and socialist reconstruction among all ethnic, religious, and other divisions among the Chinese people.

against local religious groups have appeared time and again in the Chinese religious press.

While "freedom of religious belief" has been written into every revision of the Chinese constitution since 1954, both the wording and the implementation of religious rights have varied through the years. The new constitution, adopted in 1982, includes Article 36 on religious freedom, highlighting "freedom of religious belief" without defining the limits of freedom. Article 36 reads: "Citizens of the [People's Republic of China] enjoy freedom of religious belief. No organ of state, mass organization, or person is allowed to force any citizen to believe or not to believe in religion. It is not permitted to discriminate against any citizen who believes or does not believe in religion."

"The state protects legitimate religious activities. No person is permitted to use religion to conduct counterrevolutionary activities or activities which disrupt social order, harm people's health, or obstruct the educational system of the country."

While seminaries and clergy-training schools are now permitted, religious bodies are not allowed to operate schools for secular education or other institutions; the former network of missionary schools, colleges, hospitals, and social service institutions has been absorbed into the municipal or state systems. The practice of religion is confined to designated places of worship.

Foreign missionaries are also not allowed to serve Chinese churches as they did before 1949. The prohibition against missionaries and the "control of foreign countries" is designed to prevent what the Communist revolutionaries call "cultural imperialism." The Holy See has no direct link with the Catholic Church in China, which operates independently, electing its own bishops and administering the church through the Chinese Catholic Patriotic Association, the Conference of Bishops, and the Chinese Catholic Administrative Council. Each of the other major religions has a similar administrative structure: the Protestant Three-Self Movement and the China Christian Council; the Chinese Buddhist Association; the Chinese Daoist Association; and the Chinese Islamic Association.

The most definitive statement on religion and religious policy ever issued by the Chinese Communist Party or government, Document 19, was circulated internally through party channels

throughout China in 1982 by the Central Committee. Called "The Basic Viewpoint and Policy on the Religious Question During Our Country's Socialist Period," Document 19 recognized the importance of religious believers for the success of the party's United Front policy. The document analyzed the "Party's handling of the religious question since Liberation" and set forth guidelines for the "Party's work with religious professionals," the "restoration and administration of places of worship," the "education of a new generation of clergy," the "Party's relations with religious ethnic minorities," and the "international relations of China's religions."

There is also a section on "criminal and counterrevolutionary activities under the cover of religion" that is directed against "antirevolutionary or other criminal elements who hide behind the facade of religion." This is aimed at practitioners of superstition, including members of secret societies, sorcerers, witches, phrenologists, fortune-tellers, and geomancers who "swindle money from people who earn their living through their own labor."

*Christianity,
especially
Protestant
Christianity, is
the fastest
growing religion
in China.*

THE OTHER OPIATE OF THE MASSES

Superstitious practices are not protected by the constitutional guarantee of freedom of religious belief, but the distinction between religion and superstition is not precisely defined in the constitution or Document 19. This poses a problem for local cadres who are faced with the revival of local popular religious practices, especially in rural areas. Are these practices protected by Article 36 of the constitution, local cadres ask, or should they be suppressed as superstitions?

The definition of superstition has changed over time. During the Cultural Revolution it was called "feudal superstition" and was used indiscriminately to cover all religious or cult activities. Superstition now may define any religious or cult activity that falls outside the five officially recognized religions. These five are considered "world religions," with organized branches in other countries; cults and folk religions indigenous to China are defined as superstitions and denied the constitutional guarantee of "freedom of religious belief."

While Communist Party members are by definition atheists, the policy of tolerance toward religion but not superstition raises this question: if the main reason for the policy of freedom of religious belief

is to induce religious believers to cooperate in building a strong, modern, socialist nation, then why are practitioners of superstitions not tolerated?

The reasons can be found in a spate of essays, news stories, and editorials published over the past 15 years. Normal religious practice, by improving social and personal morality, enhances rather than impedes socialist nation building, while rampant superstition has the reverse effect. Superstitious practitioners prey on gullible and ignorant people, swindling them by charging high fees for sham rituals. The time and money wasted not only drains the meager savings of peasant families, it "damages agricultural production, pollutes the social atmosphere, and disturbs social order," as one essay noted. Superstition can even endanger lives when patients fruitlessly spend money on fake cures rather than going to a doctor.

"Carry Out the Policy of Freedom of Belief and Oppose Feudal Superstitious Activities," an article by the veteran Marxist theoretician Ya Hanzhang, was published nationwide in the state-run newspaper *Guangming ribao* in April 1981. Its obvious purpose was to clarify the distinction between religion and superstition, a distinction that had been blurred during the Cultural Revolution.

Ya began by describing superstition: "When we talk about feudal superstition, we usually mean telling fortunes by using the eight trigrams; feeling a person's bones or studying his physiognomy to forecast his future; practicing geomancy; reading horoscopes; exorcising spirits to cure illnesses; planchette writing; offering sacrifices to gods; beseeching gods to bestow children; offering prayers to gods to ward off calamities and to ask for rain; and so on. These are the dregs handed down from the old society in our country. After Liberation, much work was done to eliminate them... but they are still spreading through the country..."

"Many cadres still cannot distinguish the difference between religion and feudal superstition. They think that anything involving the worship of spirits and gods is religion. Thus they think, wrongly, that the policy of freedom of belief should apply to feudal superstition and therefore allow the practice of feudal superstitious activities. Some cadres turn a blind eye to these activities and do not try to stop them."

Ya went on to define religion. "Religion differs from feudal superstition in many aspects, but the most fundamental one is: religion is a way of viewing the world, while feudal superstition is a means by which some people practice fraud."

"When we say that religion is a way of viewing the world, we mean that it has a concept about the creation of the world (including the creation of mankind itself). It says that everything in the world has been created, arranged, decided, and controlled by God (or Allah or the Creator). If people desire happiness, the only way to achieve this is to believe in God and to restrain their words and deeds strictly according to religious doctrines and canons in order to gain eternal happiness in the life to come. This world outlook is, of course, wrong, but pious religious believers consider it correct."

"Although feudal superstition also talks about believing in spirits, gods, and the mandate of heaven, its aim is to make people believe in order to cheat them out of their money and possessions... Feudal superstition is not a world outlook but an extremely foolish and ignorant activity and an indecent means by which professional practitioners cheat others out of their money so that they can live parasitic lives. These activities are in essence a disguised form of man exploiting man, and are as incompatible with the socialist system as water is with fire."

A NEW VIEW: "NORMAL AND STABLE"

For years, Ya Hanzhang was the leading Marxist theoretician and party spokesman on religious matters. His voice carried weight in 1981. In subsequent years a new generation of scholars who study and write about religion has emerged. The Institute for Study of World Religions, attached to the National Academy of Social Sciences in Beijing, is the premier research center, with an entire faculty of well-trained scholars, many with advanced degrees earned in Europe and North America. Where earlier articles on religion invariably were written from a Marxist viewpoint, today's scholars, seeking objectivity, have convened academic conferences and published the results of their field studies. Free of Marxist rhetoric, they are making an effort to reexamine the role of religion in society, and to guide the party and government toward a new policy on religion compatible with the current period of reform and opening.

Peng Yao, for example, writing on "New Trends of Religions in China" in the March 1995 issue of the Beijing-based journal *Studies in World Religions*, explains the resurgence of religious practice in the 1980s as a natural response to the return of freedom of religious belief after a period of suppression and, in his view, is no cause for alarm.

"Under the new social circumstances since the reform and [opening to the world]," he writes, "and after a thorough review of the current situation of religions in China, we believe that the development of religions in recent years in China is, on the whole, normal and stable."

Peng goes on to describe and explain six new trends in religion: the correlation between the development of religion and economic growth; the popularity of Western religion, especially Protestant Christianity; the pluralization of Chinese religions; the secularization of religions in China, especially among young people caught up in the fever to get rich in the new market economy; the entanglement of religion and ethnic minorities affairs; and the growing tolerance of religion by the general public.

Of particular interest is the author's explication of the pluralization of religions, which he breaks into three subtopics: the emergence of new sects; the emergence of splinter groups dissociating themselves from the leadership of regular religious organizations; and the emergence of "underground" religious groups.

New sects of Protestantism, Peng writes, have infiltrated from overseas, and new, indigenous Christian sects have arisen locally as well. The Catholics are divided between the "underground" Catholics loyal to the Holy See, and the "official" Catholic Church. Some Buddhist and Daoist temples, monks, and priests have broken away from the national Buddhist and Daoist associations, while sectarian disputes have divided the Chinese Muslims as well.

Peng Yao describes the resurgence of the "great number of folk religions" in recent years, particularly in the southern provinces, and a new trend, the appearance of religions from overseas "trying hard for a foothold in China": these include the Baha'i faith, the Unification Church, the New Testament Church, and Jehovah's Witnesses, among others.

Where the framers of China's religious policy hoped to keep the state oversight of religion manageable by limiting religious groups to the five organized religions, Peng is not concerned by the increasingly complex religious situation. Since religion in China "no longer has any relationship with imperialism, feudal forces, or exploiting classes," it offers no threat to the nation. In the end, religion must adapt to changing social conditions, and the party and government must adapt to the new religious realities as well.

THE RELIGION BOOM

The resurgence of religious practice in China since 1979 can be seen by anyone who visits a place of worship, but statistical estimates of the resurgence's size vary widely. The number of Protestants is a case in point; estimates by researchers in Hong Kong range from 12 million to 65 million, in either case an astonishing increase over the 936,000 baptized members reported by church leaders in 1949. None of the five recognized religions keeps accurate membership records or publishes a statistical yearbook.

A recent government report lists 9,500 Buddhist temples and monasteries with 170,000 monks and nuns; 6,000 Daoist priests and nuns with 600 temples and monasteries; 17 million Muslims with 26,000 mosques; 4 million Catholics and 2,700 priests with 4,000 churches; and 6.5 million Protestants with 8,000 churches, 20,000 chapels and 18,000 clergy.

While doing field research in 1988, I was shown a restricted document prepared by the provincial Religious Affairs Bureau of Fujian province that gave these statistics for religious believers in the province:

Buddhists	70,000
Protestant Christians baptized	201,000
Preparatory members	168,000
Catholic Christians	188,706
Muslims	1,350
Daoists	[no information]

Neither document makes mention of their sources or methodology. No religious census had been taken; terminology was not defined. For example, what is a Buddhist? In the case of Fujian, which is said to have the most lively Buddhist revival of any province in China, there must be many more Buddhists than 70,000 in a population of 25 million; perhaps this refers only to *jushi*, lay devotees who live at home, since monks and nuns are listed separately in provincial tables of statistics, but we cannot be sure.

Identifying Muslims in China is a different case. Islam is both a culture and a religious faith, passed on from generation to generation within the culture group. A map of religions in China would show concentrations of Muslims in the northwest provinces, with scattered communities in virtually every other province, including Tibet. Islam is the dominant religion and culture of 10 ethnic minorities in China, including the Hui, who are Han Chinese. In 1995 the Islamic Association of China

reported that China has 30,000 mosques, 30,000 imams, and 30,000 mullahs. It gives no figures for Muslim believers, but estimates range from 17 million to 25 million.

Tibet is also a special case for this discussion, because religion and politics cannot be separated there. The Dalai Lama, now in exile, is revered by Tibetans as their religious and political leader. Because the Chinese authorities want to maintain political control over Tibet, they refuse to recognize the Dalai Lama, and in recent months have chosen a young boy as the successor to the late Panchen Lama, ignoring the boy selected by Tibet's religious leaders with the Dalai Lama's blessing. (In the eyes of the Tibetan people, the Panchen Lama is second only to the Dalai Lama.)

Tibetan Buddhists are intensely religious. Pilgrims throng the streets of Lhasa. The thousands of Tibetan shrines and temples destroyed by Chinese Red Guards and military units during the Cultural Revolution are being rebuilt by the people. How many Tibetans are believers? In an interview in 1988, the director of the Religious Studies Center in Lhasa told me that "all the people in Tibet are believers. . . All believe, except Communist Party members, and some of them are believers. . . ."

Christianity, especially Protestant Christianity, is the fastest growing religion in China, and because the Christian churches are better organized at local and national levels than the other three recognized religions, more information is available. Protestant Christianity is called simply Jidujiao, the religion of Christ (denominational distinctions from the missionary era were dropped in the early 1950s). Church leaders report that three new churches are opened every two days somewhere in China. Over 2 million Chinese Bibles were printed and sold last year. Both Catholic and Protestant churches are "three-self," which means self-supporting, self-governing, and self-propagating. Seminaries have sprung up in almost every province, with national seminaries in Nanjing (Protestant) and Beijing (Catholic).

The Catholic Church faces problems common to all religions in China, the most pressing a shortage of trained clergy. A problem unique to the Catholics, however, is their separation from the Holy See, a situation that divides the church into

"patriotic" and "underground" Catholics, with the latter refusing to attend the "patriotic" churches. Although this division makes accurate figures impossible, there are an estimated 5 million to 12 million Catholics today, up from 3.3 million in 1949.

A TENUOUS FREEDOM

While there has been a remarkable revival of religious practice since 1979, problems remain, primarily because local cadres have failed to implement fully the constitutional guarantees protecting religious practice. China's religious leaders have called for legislation to spell out the rights of believers, but the political authorities continue to oversee religious affairs using arbitrary regulations as guidelines.

In a statement to the press in Beijing in September 1994, Dr. George Carey, the archbishop of Canterbury, spoke of the abuses of power at the local level. He noted that "such violations must be seen against the general background of great encouragement for the Christian Church. In the main, religious toleration is a reality. The church is growing and that growth is generally unimpeded. The picture, however, is uneven. Last year the China Christian Council received over 500 complaints, which ranged from property issues to reports of violence against church members. . . The shadows exist, but the general picture is most encouraging . . ."

The revival of religious practice in China after years of repression has astonished not only the Marxist policymakers but all those who know of the steps taken to eliminate religious belief and practice: the intimidation of religious believers; the destruction or secularization of temples, shrines, mosques, and churches; the incarceration and laicizing of the clergy; the hiatus in clergy training for an entire generation; the mandatory teaching of atheism in the schools; and the total isolation of Chinese believers from religious colleagues outside China. It remains to be seen whether China's policymakers will agree with the theoretician Peng Yao's view that "the development of religions in recent years in China is, on the whole, normal and stable," or will view the resurgence of religious practice in China with alarm, and impose more stringent controls. ■

BOOK REVIEWS

ON CHINA

Blood Red Sunset:

A Memoir of the Chinese Cultural Revolution

By Ma Bo. Translated by Howard Goldblatt. New York: Penguin, 1995. 371 pp., \$12.95.

In 1968, at the age of 18, Ma Bo heeded the call to go "up to the mountain and down to the countryside" to spread the word of the Lord—in this case, Mao. At the age of 26, he returned to Beijing, a broken man, stripped of his beliefs and disillusioned with the state. "China," he writes, "you cowered beneath the skirts of a witch." It is unclear, in this brutal and moving memoir of the Cultural Revolution and its destruction of belief, who should be blamed for Ma Bo's loss of innocence and ruined youth.

China's Cultural Revolution has come to be seen as a catastrophic attempt to indoctrinate a people through corrupt and destructive means. But *Blood Red Sunset* is a testimony to the other victims—the believers, the Red Guard, the young men and women who journeyed throughout China (in Ma Bo's case, Inner Mongolia) to deliver the farmers and herdsmen into the firm grasp of Maoist dogma. Ma Bo was not only part of this group of self-proclaimed radical revolutionaries, he was also the embodiment of violence, known for his indiscriminate abuse of the locals and his foul and arrogant mouth.

After two short years on the steppes, Ma Bo is betrayed by his closest friends and realizes that the party takes precedence over personal loyalty. He is falsely accused of counterrevolutionary behavior and sentenced to spend the next six years undergoing "labor reform." He spends so much time in isolation and filth that he loses not only his ability to speak but also his ability to care for himself. His only consolation throughout this nauseatingly brutal treatment is his belief in the party, his love for a young woman who continually shuns him, and his faith that one day, if all is recorded, history will vindicate him.

Ma Bo undergoes no drastic transformation of belief; indeed, he spends most of his time as a prisoner trying to prove his loyalty to those who imprisoned him. But the absence of the expected shift from evil toward good is the genius of this story. Ma Bo's unwillingness to lay blame for the

destruction of a nation's youth allows us to draw our own conclusions. The witch is Mao, the skirts the ideology of class struggle. Or is the witch human weakness, our tendency to do harm to one another, and the skirts merely the devil's cowardice—the human vehicle used to carry out his evil?

Claudia Burke

Scarlet Memorial:

Tales of Cannibalism in Modern China

By Zheng Yi. Boulder, Colo.: Westview, 1996. 199 pp., \$32.

I said to myself, indeed, I have stepped into a dark forest full of evil, and I have uncovered a scarlet memorial covered with human blood.

That China's Cultural Revolution was one of the most terrifying periods in world history is not often disputed. But given the Chinese government's strict control over what is said and written about the country, inquiries into exactly how brutal the Cultural Revolution was are likely to be intentionally circumscribed. The "dark forest full of evil" that Zheng Yi steps into in Scarlet Memorial is inhabited by his recent discoveries of the cruelties that characterized the era, particularly those involving the cannibalism practiced by Red Guards and local villagers.

The focus of Zheng's investigation is the Guangxi Autonomous Region in southern China. Vague stories that a massive slaughter occurred there during 1968 persuaded Zheng to visit the area himself in 1986. Digging through archives and speaking with party officials and other locals, some candid and some aloof, he gradually uncovers the gruesome details of the frenzied killings that went on in Guangxi. Anyone believed not to support the "ultraleftist" line of China's Communist Party was brought before the village and publicly "criticized." He or she was then executed and summarily torn apart for consumption. The victim's liver was an especially popular trophy; local lore claimed the human liver gave its consumer courage.

It is an astonishing, almost unbelievable subject, and Zheng's reaction to what he learns is as incredulous and skeptical as that of the reader's. The

book reads almost like a travelogue, with Zheng giving detailed descriptions of the people he meets, his interviews, and certainly his shock as he collects evidence indicating that the stories he has heard are true and, moreover, that most of the officials remain unpunished for their actions. The reader is on a journey with Zheng, and the personal nature of the book, the fact that it was written by someone who lived through the Cultural Revolution, provides unprecedented insights into Chinese nationalism under the reign of Mao Zedong.

Ross Terrill writes in the foreword to *Scarlet Memorial* that Westerners often tend to put China into a "separate exotic category" in terms of politics and culture. Zheng's horrifying disclosures remind us that the ruthlessness and violence toward humankind that the West associates with Auschwitz cannot be separated into categories, but must be dealt with as tragic, universal forces throughout our world.

Emily S. Shartin

Taiwan: Nation-state or Province? 2d ed.
By John F. Copper. Boulder, Colo.: Westview, 1996.
220 pp., \$63, cloth; \$19.95, paper.

Whether labeled a nation-state or province, economic superpower or outlaw administration, Taiwan's identity has been historically ambiguous. Dutch, Japanese, and several Chinese regimes ruled the island at various times, but never integrated it, and never entirely rooted out the desire for self-determination. Despite the complexities of its past and the uncertainty of its future, John F. Copper says Taiwan has come into its own, having undergone an against-all-odds "economic miracle" and established democracy. Otherwise, he comes to few conclusions in *Taiwan*, instead appreciating the island for what it is rather than speculating on what it will become.

Copper divides his book into seven sections: "The Land and the People," "History," "Society and Culture," "Political System," "The Economy," "Foreign and Military Policies," and "The Future." He chronologically traces Taiwan's transformation, usually from the 1600s to the near-present, and frequently draws comparisons between mainland China and Taiwan in order to provide the reader with both sides of the nation-state/province issue.

Those who would like a taste of Taiwanese life will be disappointed by the often dry, reference-book account of the island's people. The chapters that characterize Taiwan's place on the world stage are much stronger, although at times redundant

(without much elaboration, *Taiwan* describes certain events, such as President Jimmy Carter's withdrawal of United States recognition in 1979, several times).

Copper tries to create an unbiased assessment of Taiwan, supplying multiple interpretations more often than strong opinion. Thus, while thoroughly examining the grounds for separation, unification, and the current state of affairs that exists with China, he avoids taking sides and instead concludes that Taiwan is a sovereign state, even though what will be best for it remains undetermined. Perhaps *Taiwan* would be more engaging if it were less "objective" and appreciative.

Ben Feldman

Sex, Culture, and Modernity in China

By Frank Dikötter. Honolulu: University of Hawaii Press, 1995. 233 pp., n.p.

Beginning with the New Culture Movement of 1915 to 1924, a group of Chinese intellectuals started publishing a series of tracts on modern medical science. This "science"—actually a mix of fact and superstition—replaced an already weakened Confucian ethic with one based on dispassionate, scientific examination. The result, says Frank Dikötter, a research fellow at the University of London, was the rise of a sexual culture that stressed procreation, marriage, and strictly defined gender roles.

According to Dikötter, intellectuals used the lure of modernity and the illusion of biological determinism to persuade their fellow Chinese to "advance the race." "Advancement" in this case meant the subservience of women, the absence of sexual activity unrelated to procreation, and the creation of class distinctions based on arbitrarily selected biological attributes, such as penis size and rate of menstrual flow. Since population control was considered vital to national wealth and power, theories of eugenics abounded. By the time Japan invaded in 1934, these "rationalist" intellectuals wielded great cultural influence.

Dikötter uses this narrow study of sexuality to prove a larger point: that the medical knowledge that arose in Republican China originated entirely in the East. Moreover, similar forms of bastardized medical science—such as beliefs in "hereditary syphilis" and "masturbatory insanity"—arose simultaneously in the West. This independent development of knowledge, Dikötter says, should humble those Orientalists who view Chinese history merely as a series of responses to Western

intrusion. "The tendency to look for particularities, to ignore commonalities, to idealize otherness is widespread," he warns, "and its consequences for historical research are devastating."

A critique of academic orthodoxy like this is rare. The jargon that clouds Dikötter's writing, however, is more common. When a simple concept such as historical evolution is twisted into "the emergence of a plurality of intertwined modernities," scholarship loses any claim to relevance. When academia functions as a secret society, the consequences for historical research are devastating.

Michael Brus

The Deng Xiaoping Era: An Inquiry into the Fate of Chinese Socialism

By Maurice Meisner. New York: Hill and Wang, 1996. 560 pp., \$30.

Chinese President Jiang Zemin, who is also general secretary of the Chinese Communist Party, recently received a Visa card. It is true that it is only a debit card (he has to keep a balance of his own money in his Visa account), but it is a Visa card nonetheless, one of the icons of American capitalism. How a country that once attempted to eradicate all manifestations of capitalism has come to this point is one of the recurring themes in Maurice Meisner's new work.

Meisner explores how Deng fashioned a "bureaucratic capitalism" out of the "socialist democratic" beliefs from which he began. Along the way, Meisner examines the political and economic environment that was Mao's legacy, and Deng's interpretation of the chairman's (and Marx's) writings in shaping this environment to create today's China. Lenin's views, however, have not been reinterpreted, and Meisner's account shows how Deng has used them to make party discipline and control paramount; the Tiananmen crackdown is as much a part of Deng's China as the booming coastal regions that figure so prominently in the Western business press.

The gap between the socialist promise and China's bureaucratic capitalist reality is another recurring theme in this book. Meisner, like the dissident journalist Liu Binyan, laments the spiritual malaise afflicting the Chinese because of this gap. He concludes that it can be eradicated only through a "democratic struggle against the social consequences of capitalism," a struggle whose blueprint is not spelled out.

W. W. F.

Shaping China's Future in World Affairs: The Role of the United States

By Robert G. Sutter. Boulder, Colo.: Westview, 1996. 194 pp., \$39.85.

Sutter provides a detailed examination of recent Sino-American relations. His clear-eyed, objective account briskly yet cogently summarizes the important political and economic issues that have strained relations between the two countries.

O. E. S.

ALSO ON CHINA

Cultural Encounters on China's Ethnic Frontiers
Edited by Stevan Harrell. Seattle: University of Washington Press, 1995. 388 pp., \$17.95.

Contemporary China in the Post-Cold War Era
Edited by Bih-jaw Lin and James T. Myers.

Columbia: University of South Carolina Press, 1996. 448 pp., \$39.95.

Who Will Feed China?

Wake-Up Call for a Small Planet

By Lester R. Brown. New York: Norton, 1995. 163 pp., \$19.95.

China Since Tiananmen:

Political, Economic, and Social Conflicts

Edited by Lawrence R. Sullivan. Armonk, N.Y.: M.E. Sharpe, 1995. 352 pp., \$60, cloth, \$19.95, paper.

The Hong Kong Reader:

Passage to Chinese Sovereignty

Edited by Ming K. Chan and Gerard A. Postiglione. Armonk, N.Y.: M.E. Sharpe, 1996. 236 pp., \$21.95. ■

FOUR MONTHS IN REVIEW

April • May • June • July
1996

INTERNATIONAL

Association of Southeast Asian Nations

July 21—ASEAN grants Burma observer status, a step toward full membership in the group.

Conference on Conventional Weapons

May 3—The UN-sponsored conference agrees to restrict the use of land mines and eventually limit their deployment to those designed to self-deactivate or that can be readily removed; the agreement has no enforcement mechanisms and will not be reviewed again until 2001.

European Union

July 15—The EU announces that it is appealing to the World Trade Organization the US decision to enforce the Helms-Burton Act, which allows American citizens to sue foreign firms that use American property seized by the Cuban government; it also announces that it is blacklisting American companies that file suit under the act, and requiring visas for American business travelers.

Group of Seven

June 29—in Lyons, France, the G-7 nations—France, Italy, Germany, Britain, the US, Canada, and Japan—conclude their annual summit meeting, which Russian Prime Minister Viktor Chernomyrdin also attended; during the 3-day summit the G-7 countries endorsed a 40-point plan to combat crime and terrorism.

International Criminal Tribunal on War Crimes in the Former Yugoslavia

May 31—Drazen Erdemovic pleads guilty to participating in a July 1995 massacre near the UN-protected "safe haven" of Srebrenica; Erdemovic, an ethnic Croat who served in the Bosnian Serb army, is the 1st person to be convicted by the tribunal.

June 27—The tribunal indicts 8 Bosnian Serb military and police officials on charges of raping 14 Muslim women between April 1992 and February 1993; their indictments mark the 1st time rape has been treated as a war crime; European investigators estimate that 20,000 Muslim women were raped by Serbs in 1992 alone. The 8 indicted men have not yet been taken into custody.

July 11—The tribunal issues international arrest warrants for Bosnian Serb leaders Radovan Karadzic and General Ratko Mladic; it also calls for an investigation into whether Serbian President Slobodan Milosevic was responsible for war crimes during the Bosnian war.

International War Crimes Tribunal for Rwanda

May 30—in Arusha, Tanzania, Jean-Paul Akayesu, a former mayor of the Rwandan village of Taba, and Georges Anderson Rutaganda, a businessman and former vice president of the Interhamwae Civilian Militia, plead innocent to charges of having organized Hutu militants in the 1994 massacre of

approximately 500,000 Rwandans; 11 people have been indicted by the tribunal since its formation in 1994.

Middle East Peace Process

April 18—Israeli Prime Minister Shimon Peres and Palestine Authority President Yasir Arafat meet for the 1st time since last month's suicide bombings in Israel and agree to resume the peace process.

June 23—in Cairo, a 2-day summit meeting of the leaders of 21 Arab nations ends with a warning that they will "reconsider" their stance toward Israel if Israel's recently elected Likud government retreats from the Israeli-Palestinian peace agreement; the meeting was the 1st Arab summit in 6 years; only Iraq did not attend.

United Nations

April 26—the Security Council imposes sanctions on Sudan that reduce Sudanese diplomatic missions; the sanctions are an attempt to secure the extradition of 3 Sudanese men to Ethiopia to be tried on charges that they participated in an assassination attempt against Egyptian President Hosni Mubarak in June 1995; China and Russia abstained.

May 6—the Security Council votes to extend for 60 days the sanctions imposed against Iraq after the 1990 Iraqi invasion of Kuwait.

May 20—Iraq and the UN sign an agreement that allows Iraq to sell, under UN supervision, \$1 billion of oil every 90 days, with the proceeds to be used for civilian relief efforts.

June 18—the Security Council votes to end the 1991 arms embargo on the former Yugoslav republics; in November 1995 the Security Council suspended the embargo after the signing of the Dayton peace accords.

June 24—Iraq and the UN sign an agreement allowing UN inspectors "immediate, unconditional, and unrestricted access" to all suspect sites by the UN Special Commission that is overseeing the Iraqi disarmament of weapons of mass destruction; the agreement also stipulates that Iraq must turn over requested documentation and schedules and provides for a regular series of meetings with Iraq to review the UN's compliance verification process.

July 5—the Libya sanctions committee of the Security Council says flights on June 22 and June 23 taken by Libyan leader Colonel Muammar el-Qaddafi on Libyan aircraft to and from the Arab summit meeting in Cairo violated sanctions against Libya air travel; the sanctions were imposed in 1992 after Libya refused to turn over 2 suspects sought in connection with the 1988 bombing of an American airliner over Lockerbie, Scotland that killed 270 people.

July 31—the US blocks the Security Council plan to allow Iraq to sell oil to finance civilian relief; the plan must now be renegotiated to eliminate American objections to "technical" aspects.

Wassenaar Agreement

July 12—in Vienna, representatives of more than 30 countries agree on an arms control pact aimed at keeping conventional weapons and "dual-use" technology with potential weapons

applications from countries such as Libya and Iran; signatory nations are expected to begin exchanging information on weapons sales voluntarily by September 1, with compulsory compliance to take effect by the end of this year. The Wassenaar Agreement replaces the Coordinating Committee on Export Controls, which was created during the cold war to restrict military technology from communist countries.

World Court

July 8—The court rules, 8 to 7, that the use or threat of using nuclear weapons—what it calls “the ultimate evil”—is against international law.

AFGHANISTAN

May 24—After 4 months of negotiations, the government of President Burhanuddin Rabbani and former Prime Minister Gulbuddin Hekmatyar, the leader of the Hezb-i-Islami faction, sign a peace accord.

June 26—Hekmatyar is again sworn in as prime minister at a ceremony in Kabul; Taliban rebels seeking to install an Islamic government fire rockets on the capital during the ceremony, killing at least 30 people and injuring as many as 118.

ALBANIA

May 24—A court finds 5 top officials from the former Communist regime guilty of crimes against humanity and sentences 3 of them to death.

May 27—President Sali Berisha proclaims himself the winner of yesterday's presidential elections; Western observers, who noted a number of violations and fraud in the electoral process, say that Berisha's Democratic Party won more than 50% of the vote and that the Socialist Party, which withdrew from the elections before the polls closed, received less than 25%.

May 31—The international human rights group Human Rights Watch calls on the US and European governments to declare the results of the May 26 Albanian presidential elections invalid.

ALGERIA

May 30—Officials report that the bodies of 7 French monks killed by the Armed Islamic Group (GIA) on May 23 have been found; the monks were taken hostage 2 months ago in an effort to force the French government to release members of the GIA held for terrorist bombings.

A bomb in a stadium in the town of Boufarik in central Algeria wounds 23 people; the GIA is believed responsible.

June 22—A car bomb kills 7 people in a market in the central Algerian town of Blida; no one takes responsibility.

July 27—The GIA says that Djamel Zitouni, the group's leader, was killed July 16 by “enemies of Islam.”

ARGENTINA

July 26—Finance Minister Domingo Cavallo resigns at the request of President Carlos Saúl Menem; Roque Fernández, the director of the central bank, is named to the post.

BAHRAIN

June 4—The government announces the arrest of 44 people it says are connected with a pro-Iranian antigovernment plot; 25 people have been killed and hundreds of others arrested since a Shiite-sponsored campaign of civil unrest calling for economic and political reforms began in December 1994; Bahrain's parliament was dissolved in 1975.

June 5—In confessions aired on Bahraini television, 3 of those arrested yesterday say that they received military training in

Iran and Lebanon; on June 3 Bahrain recalled its ambassador in Teheran; Iran denies having involved itself in Bahrain's internal affairs.

BANGLADESH

May 20—President Abdur Rahman Biswas dismisses the head of the army, Lieutenant General Abu Saleh Mohammad Nasim, for plotting to stage a coup.

June 23—Sheik Hasina Wazed, the daughter of assassinated President Sheik Mujibur Rahman, is sworn in as prime minister; her election on June 12 ended nearly 3 years of political stalemate and marked her liberal Awami League's return to power after 21 years.

BOSNIA AND HERZEGOVINA

April 17—Two members of the NATO peacekeeping force in Bosnia are killed and 2 are wounded when their vehicle hits a land mine; these are the 2d and 3d mine-related deaths since NATO forces arrived in December as part of the Dayton peace accords.

The US announces that following a meeting yesterday with US officials, Saudi Arabia, Kuwait, and the United Arab Emirates have pledged \$100 million in aid to train the Bosnian army.

April 25—The US Defense Department announces that US and other peacekeeping troops will remain in Bosnia approximately 1 month beyond the previously stated pullout date of December 20; NATO commander General George Joulwan requested the extension.

May 31—*The New York Times* reports that the Muslim-led government has turned over tens of thousands of Serb and Croat Sarajevo homes to Muslim refugees.

July 6—British-mediated negotiations end a 2-day standoff between Bosnian Serb and American forces at Han Pijesak; Bosnian Serb forces apologize for threatening American helicopters and allow an inspection of their military headquarters.

July 9—UN war crimes investigators begin exhuming a mass grave believed to contain the remains of some of the thousands of Muslims slain near Srebrenica last year.

July 19—Radovan Karadzic quits as leader of the Serbian Democratic Party in Bosnia and as president of the self-proclaimed Bosnian Serb republic; he also agrees not to appear in public or on radio or television; the agreement was extracted from Karadzic by Serbian President Slobodan Milosevic at US special envoy Richard Holbrooke's urging; Karadzic refuses to leave Bosnia or to stand trial for war crimes at The Hague.

July 24—Serbia and Bosnia agree to restore communications and transportation links.

BRAZIL

April 17—in the state of Pará, 19 people are killed and 40 wounded when police open fire on homesteaders occupying a highway as part of a land reform protest; President Fernando Henrique Cardoso has vowed to punish the officers responsible for the attack and dispatched federal troops to protect the homesteaders.

April 30—A jury in Rio de Janeiro sentences Marcus Vinícius Borges Emanuel, a police officer convicted of participating in the 1993 killing of 8 street children in Rio, to 309 years in prison.

BULGARIA

May 25—King Simeon II returns to Bulgaria after 50 years in exile; Simeon fled Bulgaria in 1946 after a Communist government was installed by the Soviet army.

BURMA

May 21—Daw Aung San Suu Kyi, the Nobel Peace Prize-winner and pro-democracy leader, says 44 members of the National League for Democracy, her opposition party, have been arrested; a party meeting was to have been held this weekend.

June 8—Aung San Suu Kyi addresses more than 5,000 people outside her home, defying a government ban on such talks.

BURUNDI

May 5—International aid workers report that the Tutsi-dominated army killed more than 200 Hutu, mostly women and children, last month.

May 9—Members of the Tutsi-dominated army are believed responsible for an attack today on a US medical station; 7 Hutu were killed and 32 wounded.

June 16—Aid workers report that government soldiers killed at least 70 Hutu civilians in the central part of the country during the past week.

July 4—Hutu rebels attack a tea factory in the northern town of Teza, killing 80 workers and their families.

July 20—Hutu rebels kill 320 Tutsi refugees at a camp in central Burundi.

July 25—Major Pierre Buyoya, who is considered a moderate Tutsi, overthrows Hutu President Sylvestre Ntibantunganya; the coup was staged to preempt UN efforts to establish a multinational peacekeeping force to prevent genocide.

CENTRAL AFRICAN REPUBLIC

May 22—A US military transport plane evacuates approximately 60 Americans from Bangui, the capital city; an army mutiny began on May 18.

May 27—The 200 soldiers who staged the May 18 mutiny demanding their paychecks and the resignation of President Ange-Félix Patassé, are suppressed by French troops.

CHINA

June 9—Ren Wanding, who was sentenced to 7 years in prison in 1989 for his role in the Tiananmen Square demonstration, is released from prison.

COLOMBIA

April 16—Near the border with Ecuador, 31 soldiers are killed and 18 wounded when guerrillas attack a military convoy with dynamite; the government believes the Revolutionary Armed Forces of Colombia, the largest rebel group fighting the government, is responsible for the attack.

May 2—The supreme court orders the arrest of Attorney General Orlando Vasquéz Velásquez on charges of drug corruption; Vásquez has been accused of accepting thousands of dollars from drug cartels prior to and during his appointment as attorney general.

June 12—After 14 days of debate, Congress, by a vote of 111 to 43, clears President Ernesto Samper of charges that he knowingly financed his election campaign with money from Cali drug dealers.

July 10—The government announces the resignation of Foreign Minister Rodrigo Pardo, against whom preliminary charges for obstruction of justice were filed in May; he will be replaced by Education Minister María Emma Mejía.

July 23—María Izquierdo, a former senator and political associate of President Samper, is convicted of funneling drug traffickers' money into Samper's campaign.

CROATIA

April 23—Western diplomats reveal that Iran and Croatia signed a secret military cooperation agreement in December that

provided for the exchange of military personnel and the delivery of surface-to-surface missiles to Sarajevo and Zagreb; after learning of the pact the US blocked its implementation but did not reveal its existence.

July 28—Several thousand Serbs demonstrate in Eastern Slavonia, the last Bosnian Serb-held enclave in Croatia; the protesters ask the UN to postpone until 1998 the area's transition to Croatian rule, currently scheduled for January 1997; they also call for political and economic autonomy from the Zagreb government.

CUBA

May 9—Rafael Solano arrives in Spain after fleeing Cuba; Solano, a Cuban journalist, was imprisoned by Cuban authorities for 6 weeks after his arrest for "subversion" on February 26.

CZECH REPUBLIC

June 2—Prime Minister Vaclav Klaus's center-right coalition loses its parliamentary majority in today's elections; the coalition wins 99 of 200 parliamentary seats, 14 fewer than it held previously; center-left Social Democrats increase their parliamentary seats from 24 to 61.

July 2—Prime Minister Klaus submits a new coalition cabinet to President Vaclav Havel.

DOMINICAN REPUBLIC

July 1—Leonel Fernández Reyna of the Dominican Liberation Party, a lawyer who has not previously held office, is declared the winner of yesterday's presidential runoff election, giving his party its 1st presidency in its 23 years of existence; he defeats José Francisco Peña Gómez of the Dominican Revolutionary Party.

ECUADOR

July 7—Political outsider Abdalá Bucaram defeats Social Christian leader Jaime Nebot in a runoff election for president; Bucaram takes 54 percent of the vote and wins 20 of 21 provinces; the new president has pledged to build homes and meet other needs of the poor, who make up 70 percent of the country's population.

Egypt

April 20—The fundamentalist Islamic Group takes responsibility for the April 18 attack outside a Cairo hotel that killed 18 Greek tourists and wounded 17 others; the organization says the attack was intended to kill Israeli tourists in retribution for Israeli attacks on Lebanon that began April 9.

April 23—In Asyut, 2 suspects in the April 18 Cairo attack are killed in a shoot-out with police; 4 police officers are killed and 14 others wounded in the battle.

FRANCE

June 8—President Jacques Chirac announces that France will resume participation in NATO; France pulled out of the organization in 1966.

GHANA

June 9—The navy forces a Russian cargo ship carrying 450 Liberian refugees out of Ghanaian waters; a ship carrying Liberian refugees was allowed to dock on May 14.

GREECE

April 28—Two bombs are set off in a central square in Athens, wounding 2 people; no one has taken responsibility for the action.

GUATEMALA

May 6—In Mexico City, leftist rebels sign an accord with the Guatemalan government on social, economic, and agrarian issues and announce that they intend to sign a final peace agreement by September.

HAITI

April 17—The remaining 82 American soldiers serving with the UN peacekeeping mission depart from Haiti, ending a 19-month UN-sanctioned US military intervention to reinstate Haiti's deposed president, Jean-Bertrand Aristide; Canada will now lead the mission.

April 22—In Honduras, former Haitian national police chief Lieutenant General Michel François and former Mayor of Port-au-Prince Franck Romain are offered political asylum; in September 1995, François was convicted in absentia of the 1993 killing of a key financial backer of President Jean-Bertrand Aristide; Romain is believed responsible for ordering a series of killings in Haiti, including a 1988 church massacre that killed 12 people and injured 77 others.

INDIA

April 21—The Islami Harkatul-Momineen and the Khalistan Liberation Force, 2 Kashmiri separatist groups, take responsibility for an explosion that killed 17 people yesterday in Delhi.

April 27—Voting in the country's general elections begins; the voting will take place in several phases in order to accommodate the country's estimated 590 million voters.

April 28—Two separatist groups from Kashmir and Punjab take responsibility for yesterday's bus bombing that killed 15 people in Uttar Pradesh.

May 9—Prime Minister P. V. Narasimha Rao resigns as head of the Congress Party.

May 15—A. B. Vajpayee of the conservative Bharatiya Janata Party (BJP) is named prime minister.

May 21—A car bomb kills 16 people near New Delhi; Muslim militants in Kashmir, calling for an election boycott, take responsibility.

May 23—Results from the April 27-29 general elections reported in the *Far Eastern Economic Review* show no clear majority in the 537 parliamentary seats elected thus far; of the 534 seats reported today, the BJP has won 160; the Congress Party 136; and the National Front-Left Front coalition 110.

June 1—H. D. Deve Gowda, a Janata Dal party member and Karnataka state chief minister, is sworn in as prime minister; he heads a 13-party center-left coalition government; on May 28, Prime Minister Vajpayee resigned from the post moments before an anticipated no-confidence vote by parliament.

INDONESIA

June 20—A demonstration by an estimated 5,000 marchers in Jakarta in support of Indonesian Democratic Party presidential candidate Megawati Sukarnoputri, the 1st candidate in 30 years to challenge President Suharto, is broken up by police.

July 27—Four people are killed in rioting that breaks out after police storm Indonesian Democratic Party offices in Jakarta.

July 30—Military officials announce that rioters will be shot on sight.

ISRAEL

April 9—Iranian-backed Party of God guerrillas based in southern Lebanon fire rockets into northern Israel, wounding 6 people; the guerrillas say today's attack is in retaliation for an April 8 explosion in southern Lebanon near the town of

Brashit that killed 2 people and wounded several others; the Israeli army denies responsibility for the April 8 incident.

May 5—in Taba, Egypt, Israeli and Palestinian negotiators begin the final stage of peace talks as mandated in agreements signed in September 1993 and September 1995; the talks are expected to focus on the status of Jerusalem, the establishment of borders, resource-sharing and security arrangements, and the fate of Jewish settlers and 3 million Palestinian refugees.

May 13—in the West Bank Jewish settlement of Beit El, 1 person is killed and 2 others wounded in a drive-by shooting at a bus stop; no one has claimed responsibility for the shootings.

May 15—in the West Bank, 32 unarmed Norwegian observers arrive to monitor the Israeli departure from the city of Hebron. The Israeli pullout from Hebron, the last Israeli-occupied West Bank city, was postponed from late March until after the scheduled May 29 Israeli elections after a series of suicide bombings.

May 18—A Palestinian man shot by Israeli soldiers in Hebron on May 17 is identified as Hassam Salameh, described by Israeli army officials as the deputy commander of the Hamas military wing; Israeli officials believe that Salameh masterminded 3 of 4 suicide bombings in February and March that killed more than 60 people.

May 31—Likud Party candidate Benjamin Netanyahu is declared the winner of the May 29 elections for prime minister by a narrow 29,457-vote margin; Prime Minister Shimon Peres, the Labor Party incumbent, received 1,471,566 votes.

June 9—Police believe Palestinian guerrillas are responsible for the drive-by killing today of 2 Israelis near the West Bank settlement of Zekharia.

In the West Bank town of Bidiya, an Israeli police officer is killed and his wife injured in a drive-by shooting carried out by unknown assailants.

June 18—Prime Minister Benjamin Netanyahu and his cabinet are sworn in.

June 26—the Damascus-based Palestinian National Liberation Organization claims responsibility for today's attack on an Israeli patrol in the West Bank that killed 2 Israeli soldiers and a Bedouin tracker.

July 17—the Histandrut labor federation calls a general strike to protest \$1.6 billion in state support budget cuts approved by the Netanyahu government; 500,000 people participate in the 10-hour shutdown.

July 26—After Palestinian militants kill 2 Israelis and seriously wound another in a drive-by shooting outside Jerusalem, the Israeli army declares a total closure of the Israeli West Bank border; 3 days ago Israel began loosening restrictions it imposed against Palestinian travel into Israel after 4 suicide bombings in February and March.

ITALY

May 16—Romano Prodi is named prime minister; he leads the Olive Tree Coalition, which won last month's elections.

KOREA, NORTH

May 14—After 2 days of talks, the US, Japan, and South Korea decide against sending immediate food aid to North Korea; 2 UN agencies say North Korea's food supply is "perilously close to collapse."

May 20—the US pays North Korea \$2 million for its assistance in the recovery of remains of US servicemen killed in the Korean War; on May 9, US and North Korean negotiators agreed to the payment and to subsequent joint search efforts later this year.

June 12—the US announces that it will provide \$6.2 million in food aid to North Korea; floods in 1995 have caused

widespread food shortages; the aid will be distributed by the UN World Food Program.

KOREA, SOUTH

April 5—South Korea puts its military on a heightened state of alert in response to North Korea's announcement that it will "give up its duty" of jointly controlling with South Korea the demilitarized zone between North and South Korea.

April 27—The government approves a \$19 million aid package for North Korea in hopes that it will accept a previously proposed plan for 4-party peace talks.

May 17—Officials report that 7 North Korean soldiers entered the demilitarized zone today and fire shots into the air before leaving.

May 23—A North Korean air force captain, Lee Chul So, defects to South Korea.

LEBANON

April 10—Party of God guerrillas attack an Israeli army outpost near the village of Blatt in Israel's self-proclaimed security zone in southern Lebanon, killing 1 Israeli soldier and wounding 2 others; 1 guerrilla was wounded in subsequent Israeli shelling.

April 11—Israel conducts air raids against Party of God headquarters in Beirut and other locations in Lebanon.

April 12—Party of God militants fire Katyusha rockets into northern Israel, seriously wounding 1 woman; Israeli forces continue their air attacks in suburban Beirut and throughout Lebanon, including firing on a Syrian antiaircraft battery; 1 Syrian soldier is reported killed and several others wounded.

April 13—Israel blockades Lebanese ports and continues shelling in southern Lebanon; the Israeli government says Party of God militants have fired several Katyusha rockets into northern Israel in response; at least 21 people are reported killed today, including 1 Israeli soldier, and tens of thousands of Lebanese villagers have fled their homes in the past several days.

April 15—US Secretary of State Warren Christopher begins holding talks with Syrian, Lebanese, and Israeli officials in an attempt to end fighting between Israel and Party of God militants in Lebanon.

April 16—Israeli forces continue their assault on Lebanon for the 6th day; 31 people have been reported killed and 150 wounded since the Israeli attacks began on April 11.

April 18—at least 100 Lebanese civilians are killed and over 100 others wounded when Israeli army artillery fire hits a UN refugee camp; Israeli Prime Minister Shimon Peres says the attack, which he said came in response to mortar and rocket attacks by guerrillas near the base, was an accident, and that Israel is prepared to agree to an immediate cease-fire provided that Party of God guerrillas also agree.

April 26—Israel and Lebanon agree to a US-brokered plan to end the conflict; a monitoring group made up of the United States, France, Syria, Lebanon, and Israel will review suspected violations of the agreement.

April 27—Lebanese refugees begin returning to their homes and villages at the conclusion of a 16-day Israeli military campaign; more than 150 civilians were killed and hundreds of thousands of others were displaced from their homes during the conflict.

May 7—A UN report released today says that it was unlikely that the April 18 Israeli artillery attack on the UN refugee camp was an accident.

May 12—in southern Lebanon, 5 Israeli soldiers are killed in battle between Israeli forces and Party of God guerrillas; the casualties are the 1st since the April 26 US-brokered agreement.

May 19—in southern Lebanon, Israeli forces shell villages in violation of an April 26 agreement barring attacks from and on civilian areas; Israel says the shelling is in retaliation for an attack earlier that morning by Party of God guerrillas inside the

Israeli security zone that killed 2 guerrillas and 1 Israeli soldier; 1 Lebanese woman is wounded in the Israeli shelling.

May 23—The government extradites Yasir Chreidi, a Palestinian accused of participating in the April 5, 1986, bombing of a German discotheque that killed 3 people, including 2 American soldiers, and injured 29 people, to Germany; Germany had sought Chreidi's extradition for 3 years.

June 10—Five Israeli soldiers are killed and 8 wounded in an attack by Party of God guerrillas in Israel's security zone; 1 Lebanese army soldier is killed in a retaliatory attack by the Israeli army near the town of Nabatiye.

June 24—Israel says Party of God guerrillas are responsible for an attack today in which 4 Katyusha rockets were fired into the Israeli zone of occupation in southern Lebanon; no one was injured in the attack.

June 29—A mortar and grenade attack by Party of God guerrillas kills 3 militiamen belonging to the Israel-backed South Lebanon Army; Israeli officials say 3 guerrillas were killed and an unknown number wounded in retaliatory assaults by Israeli helicopters.

July 2—in the eastern Bekaa Valley, Israeli warplanes launch rocket attacks on a base belonging to the Damascus-based Palestinian National Liberation Organization; no casualties have been reported in the attack, carried out in retaliation for an ambush the group carried out June 26 near Israel's Jordanian border that killed 3 pro-Israeli militiamen.

July 21—The Party of God and Israel begin an exchange of prisoners and bodies that is expected to result in the return to Israel of the remains of 2 soldiers taken prisoner in Lebanon in 1986 and the return to the Party of God of 45 Shiite prisoners and the remains of 100 guerrillas; German-brokered negotiations begun in May led to the agreement.

LIBERIA

April 9—The US military begins evacuating hundreds of Americans and other foreigners in Monrovia; fighting between 2 guerrilla factions began on April 6.

April 19—Roosevelt Johnson's Ulimo-J faction agrees to a cease-fire and to the release of 78 foreigners it has held during the fighting.

April 20—US Marines land in Monrovia to take over security at the US embassy.

April 21—The warring factions agree to a cease-fire.

April 29—Fighting again breaks out in Monrovia.

April 30—US Marines kill 3 people and wound 1 near the US embassy in Monrovia.

May 10—Ivory Coast officials say they will not allow a ship carrying 4,000 Liberian refugees to dock and order it out of Ivory Coast waters.

May 13—Ghana says it will accept the refugees temporarily.

June 11—Johnson's faction agrees to disarm and leave its barracks; fighting between factions began on April 6 after the country's temporary government tried to arrest Johnson on murder charges.

LIBYA

July 9—Bodyguards of the sons of Colonel Muammar el-Qaddafi open fire on crowds chanting anti-Qaddafi slogans at a soccer match in the capital city of Tripoli. As many as 50 spectators are crushed to death trying to flee the gunfire.

MEXICO

April 10—in Morelos, state police fire on a group of several hundred peasants traveling to an environmental protest; 1 person is reported killed and dozens injured. The government says the peasants were armed and behaved threateningly; the peasants maintain that they were ambushed.

April 17—In Tijuana, José Arturo Ochoa Palacios, a former federal prosecutor, is shot to death while jogging by 2 unknown assailants; Ochoa was a senior official in the investigation of the 1994 assassination of Institutional Revolutionary Party (PRI) presidential candidate Luis Donaldo Colosio.

May 2—In Chiapas, a federal judge sentences 2 men to 13- and 6-year prison sentences for antigovernment activities; the 2 are believed to belong to the guerrilla Zapatista movement; peace talks between the government and the rebels are scheduled to resume June 5.

June 9—In the Coyuca de Benítez, Guerrero, local Democratic Revolutionary Party leader Roberto Acosta Orrusquia is killed by 3 unidentified gunmen.

June 14—The state of Guerrero's attorney general's office clears former Governor Rubén Figueroa and other state officials of any responsibility for the June 28, 1995, killing of 17 peasants by police; the leftist peasants were shot on the way to a demonstration.

June 28—In Guerrero, members of the Popular Revolutionary Army (EPR) appear at a ceremony commemorating the anniversary of the killing of 17 peasants by state police; the group reads a manifesto calling for the government's overthrow, and fires 17 shots into the air before disappearing; police exchange gunfire with men who are handing out the group's pamphlets in Guerrero's capital, Chilpancingo.

July 18—A multiparty congressional commission votes to end its investigation into President Ernesto Zedillo's role in a questionable government payment during the administration of President Carlos Salinas de Gortari.

July 19—The EPR claims responsibility for a July 17 ambush of an army truck in Guerrero that killed 1 civilian and injured a soldier and another civilian.

July 25—The government and ruling PRI sign an agreement with opposition parties to eliminate electoral fraud and open the political system after 7 decades of one-party rule; Congress is expected to make the agreement law by passing 17 constitutional amendments and related legislation.

MONGOLIA

April 4—The opposition National Democratic Party (NDP) elects Elbegdorj head of the party.

July 2—Official election results released today show that the NDP won 50 of Mongolia's 76 parliamentary seats in elections held June 30; the formerly communist People's Revolutionary Party, which had held power for almost 75 years, lost 45 of its 70 seats; the Mongolian Traditional Conservative party won 1 seat.

NIGERIA

April 14—The news agency of Nigeria reports that clashes that began last week between the Karimjo and Fulani people in the eastern part of the country have left about 80 people dead and forced 6,000 to flee the area; the news agency claims the fighting was provoked by an attempted rape of a Karimjo woman by a Fulani man.

May 6—Government officials report that Nigerian troops have clashed recently with Cameroon forces over control of the Bakassi peninsula, an oil-rich area between the 2 countries. Both countries currently claim the peninsula.

June 4—Kudirat Abiola, a wife of Mashood K. O. Abiola, the man who won Nigeria's annulled presidential election in 1993, is killed; no group has claimed responsibility for the murder.

June 17—General Sani Abacha, the head of the military government, announces new guidelines for elections scheduled for 1998. Opposition parties must register more than 1 million supporters within a month or they will be

disqualified from the elections. Abacha also announces the formation of a tribunal to investigate human rights violations.

PAKISTAN

April 14—A bomb explosion at a hospital in Lahore kills 6 people and wounds at least 30; Prime Minister Benazir Bhutto implies that the attack may have been carried out by supporters of opposition leader Nawaz Sharif.

April 28—A bomb explodes on a bus in Bhai Pheru, killing 40 people and wounding 26; although no one has taken responsibility for the attack, Prime Minister Bhutto indicates that she believes Indian forces are responsible.

May 8—Nine people are killed and 38 wounded when a bomb destroys a passenger bus traveling near Islamabad; no one has taken responsibility.

June 10—Three bombs explode in 3 different places in Punjab province, killing 5 people and wounding 38; no one has claimed responsibility but the government says it believes Indian agents are responsible.

July 31—In a reshuffle, Prime Minister Bhutto appoints her husband, Asif Ali Zardari, and 14 others to her cabinet; their portfolios are not immediately announced.

PALESTINIAN AUTHORITY

April 24—Meeting in Gaza, the Palestine National Council, the legislative wing of the Palestine Liberation Organization (PLO), votes 504 to 54 to revoke 1964 PLO charter clauses calling for the destruction of Israel; the September 1995 peace agreement between Israel and the PLO mandated the amendment of the charter by early May.

May 19—Palestinian Authority officials arrest human rights advocate Eyad Sarraj for "slander" because of the critical remarks he made about the Palestinian Authority in an interview published in *The New York Times*; Sarraj, a psychiatrist who leads the Palestinian Independent Commission for Citizens Rights, was detained for 10 hours in December 1995 after he made similar remarks in an Israeli newspaper.

May 26—Sarraj is released from detention after his family releases a letter he signed in which he disavowed his critical statements.

June 9—Palestinian police again arrest Sarraj.

PANAMA

June 22—President Ernesto Pérez Balladares admits that a company with ties to accused Cali drug cartel leader José Castrillón Henao contributed \$51,000 to his 1994 presidential campaign fund; Balladares says he did not initially realize the source of the money.

PARAGUAY

April 25—President Juan Carlos Wasmosy announces that protests by tens of thousands of people outside the presidential palace led him to reverse his decision to offer the position of defense minister to General Lino César Oviedo; Oviedo resigned from his post as army commander on April 23, ending his defiance of a presidential order to do so when he secured a deal with the government in which he was to become defense minister in exchange for his resignation.

PERU

July 28—President Alberto Fujimori suspends all commercial activities by the navy and air force in an attempt to stop the use of military ships and planes for drug trafficking.

POLAND

April 22—Former Prime Minister Jozef Olesky is cleared of espionage charges; a military prosecutor says there is insufficient evidence to continue the case.

RUSSIA

April 1—Russian forces reportedly halt attacks in the secessionist Russian republic of Chechnya; President Boris Yeltsin called for peace negotiations with the rebels and an end to the fighting in a March 31 televised speech.

April 7—The independent Russian NTV television network reports that 100 Russian soldiers have been killed in fighting since the April 1 cease-fire.

April 13—The ITAR-Tass news agency reports that a Russian journalist covering the Chechen war has been executed; she is the 16th journalist killed in the conflict, which has resulted in more than 30,000 casualties. Russian air and artillery attacks continue in southwest Chechnya; Kremlin mediators attempt to set up talks with Chechen leader Dzhokhar Dudayev.

April 16—*The New York Times* reports that an extensive underground military installation is under construction in the Ural Mountains; the Russian Defense Ministry has declined to comment on the project, the exact purpose and nature of which is unknown.

In Chechnya, as many as 100 Russian troops are killed after separatist rebels attack an army convoy south of Grozny.

April 21—Chechen President Dzhokhar Dudayev is killed in a Russian rocket attack in the village of Gekhi-Chu, 20 miles outside Grozny.

April 24—Zelimkhan Yandarbiyev, vice president of the separatist government, is named Dudayev's successor.

April 27—President Yeltsin concludes a 1-day visit to China during which he met with Chinese President Jiang Zemin and toured Shanghai.

April 28—Russia, Kazakhstan, and Oman reach an agreement on a plan to build a major oil pipeline connecting the Tengiz oilfield in Kazakhstan to a Russian Black Sea port; the \$1.2 billion project is to be completed with the participation of 8 Western, Russian, and Kazak oil companies.

May 8—Government officials announce the expulsion of an Estonian diplomat; the action comes in response to Estonia's decision to expel a Russian diplomat.

May 17—Russia expels 4 British diplomats on charges of spying in conjunction with the arrest last month of a Russian official charged with spying for the British MI-6 intelligence service; Britain expels 4 Russian diplomats in turn, also on grounds of espionage.

May 22—In western Chechnya, near Bamut, approximately 40 Russian soldiers and 120 separatists are killed in fighting; Defense Minister Pavel Grachev says that the number of troops in Chechnya will still be reduced by August 1 as specified in the April 1 peace plan.

May 23—The government announces that President Yeltsin and Chechen President Zelimkhan Yandarbiyev plan to hold peace talks; the Organization for Security and Cooperation in Europe (OSCE) assisted in arranging the talks.

May 27—Yeltsin and Yandarbiyev sign a peace treaty at the Kremlin aimed at ending the 18-month Chechen conflict by June 1.

June 1—at a conference in Vienna, Russia agrees to freeze its conventional force levels on its European borders and to come into compliance with the 1990 Treaty on Conventional Forces in Europe within 3 years; under the 1990 treaty the number of tanks, artillery, and other arms Russia may deploy on its border is limited; Russia has been in technical violation of the treaty since November 1995.

Chechen rebels and Russian troops accuse one another of violating the cease-fire set to begin today; fighting is reported in southeastern Chechnya with Russian troops threatening to attack the town of Shali, and Russian sources say that Chechen separatists have captured 26 soldiers in an attack near the village of Shilani.

June 6—Yeltsin orders the central bank to transfer \$1 billion to the federal budget; central bank officials say the transfer would be inflationary and that they will challenge Yeltsin's order in court.

June 7—in Moscow, Valery Shanstev, a candidate for deputy mayor, is seriously injured when a bomb explodes in front of his home; no one takes responsibility.

June 10—in Nazran, Chechen separatist leaders and Russian officials sign accords to release prisoners of war; under the agreements the 30,000 Russian troops in Chechnya are to withdraw by September.

June 11—a bomb explodes near a Moscow train station, killing 4 people and injuring 12; no one takes responsibility for the attack, described by the Federal Security Service as a "politically motivated terrorist act."

June 18—President Yeltsin dismisses Defense Minister Pavel Grachev and he names Aleksandr Lebed, an outspoken critic of the war in Chechnya, to the post of national security adviser.

June 22—Final results reported in *The Economist* from the June 16 presidential elections show that Yeltsin received 35.1% of the vote; Communist Party candidate Gennadi Zyuganov followed closely in 2d place with 32%; and nationalist candidate Aleksandr Lebed, a retired general, took 14.7% of the vote; Yeltsin and Zyuganov will face each other in a runoff election scheduled for July 3.

July 3—Official figures released today show that President Boris Yeltsin received 55% of the vote in today's presidential runoff election, while his Communist opponent, Gennadi Zyuganov, received 39%; the preliminary results, based on a 65% vote count, show that 5% of voters cast ballots against both candidates.

July 4—President Yeltsin reappoints centrist political leader Viktor Chernomyrdin prime minister.

July 10—in Chechnya, Russian planes bomb 2 villages located approximately 20 miles south of Grozny, killing dozens of people.

July 11—in Moscow, 4 people are killed when a bomb explodes on a trolley bus near Pushkin Square; no one claims responsibility and there are no suspects.

July 12—in Moscow, President Yeltsin deploys 1,000 elite troops to the city's streets after 30 people are injured in the 2d Moscow trolley bombing in less than 24 hours; both attacks are widely believed to be in retaliation for Russian violations of the June 1 cease-fire in Chechnya.

Russian troops continue a campaign of air raids begun July 9 on the Chechen village of Gekhi, located south of Grozny, and kill 60 separatist rebels in a bomb attack on a rebel base near Shatoi.

July 15—Yeltsin departs from Moscow for 2-week stay in a sanitarium; Yeltsin, who has a history of heart disease, postpones a meeting scheduled for today with US Vice President Al Gore.

In Chechnya, Russian troops continue their blockade of 5 southeastern villages; 39 civilians have been reported killed in recent Russian attacks in the region; the Russian military says 4 servicemen have been killed and 40 wounded in 15 rebel attacks since July 14.

July 16—in Moscow, President Yeltsin and US Vice President Al Gore meet to discuss the renewed fighting in Chechnya and other issues.

July 17—Yeltsin names Colonel General Igor Rodionov, a Lebed associate, as his new defense minister.

Parliament votes 150 to 148 against legislation that would have provided guidelines for sharing oil production with Western oil companies that want to invest in the Russian oil industry; Yeltsin officials and parliamentary supporters say they will continue to press for the plan's approval.

July 22—The IMF announces it will delay the disbursement of this month's \$330 million payment, citing the Yeltsin government's deficiencies in tax collection; in February the IMF approved a \$10.2 billion, 3-year loan to Russia contingent on monthly assessments of Russia's economic progress.

Gennadi Zyuganov is dismissed from his position as first secretary of the Moscow chapter of the Communist Workers' Party.

July 30—*Pravda*, the Communist newspaper founded by Lenin, ceases publication after 84 years because of declining sales.

RWANDA

April 18—The remaining 362 UN peacekeepers leave Rwanda, ending a 2 1/2-year mission dispatched to oversee the enforcement of a January 1994 peace agreement between the then Hutu government and Tutsi rebels; more than 500,000 people, primarily Tutsi, died in a series of mass killings in 1994.

SAUDI ARABIA

April 22—Government-run television broadcasts the confessions of 4 Saudi citizens to last year's bombing of a US military facility in Riyadh that killed 7 people, including 5 Americans; the 4 men say that their decision to carry out the attack had been inspired by Islamic groups outside Saudi Arabia, as well as a Saudi dissident, Muhammed al-Masari; in London, Masari says his followers advocate the nonviolent removal of the ruling Saudi royal family.

May 31—in Riyadh, the Saudi men convicted of the 1995 bombing of the US military installation in Riyadh are beheaded.

June 25—A truck bomb kills 19 Americans and wounds approximately 250 when it explodes outside an apartment complex in Dhahran housing American military personnel; no one has claimed responsibility for the attack.

SINGAPORE

April 11—A court orders American Christopher Lingle to pay \$71,000 in libel damages to former Prime Minister Lee Kuan Yew for articles Lingle wrote about political repression; earlier this year the *International Tribune*, which published some of the articles, paid Lee \$214,000 in damages and issued an apology.

SOMALIA

June 24—Four days of heavy fighting in Mogadishu between Somalia's self-proclaimed president, General Mohammed Farah Aidid, and his former ally Osman Hassan Ali have left 11 people dead.

SOUTH AFRICA

April 3—A judge sentences 5 members of the Afrikaner Resistance Movement to 26-year jail terms for several bombings in 1994 intended to disrupt the nation's 1st multiracial elections; 20 people were killed in the attacks.

April 25—Queen Buhle Mamathe, one of Zulu King Goodwill Zwelithini's wives, and her daughter, are wounded when an armed gang attacks her house in KwaMashu township; no

group takes responsibility for the attack; another princess, Nonhlaphela Zulu, is abducted.

April 27—Princess Zulu is found dead in an area controlled by the nationalist Zulu Inkatha Freedom Party.

May 8—The government adopts a new constitution that establishes a presidency and a 2-chamber legislature; it also includes a bill of rights.

May 9—Deputy President F. W. de Klerk announces that he and his National Party will pull out of President Nelson Mandela's coalition government at the end of June; the National Party opposes the new constitution.

SPAIN

April 25—A supreme court judge clears Prime Minister Felipe González of possible involvement in the assassinations of Basque separatists by death squads in the 1980s.

May 4—José María Aznar, the leader of the conservative Popular Party, is elected prime minister; the Popular Party won only 156 seats in the March 3 elections, but has since formed a governing coalition; this ends 13 years of socialist governments.

July 20—A bomb attributed to Basque separatists explodes in the airport at Reus, injuring 35 travelers, mostly British; a rash of other bombings today produce no injuries, because police were warned in time to clear the areas.

SRI LANKA

April 5—The military reports that recent fighting between the army and the separatist Liberation Tigers of Tamil Eelam has killed 31 people; the Tamil Tigers have been fighting for their own homeland since 1983.

April 8—President Chandrika Kumaratunga announces that a nationwide state of emergency has been in effect since April 4; this allows her to enforce laws without parliamentary approval and gives the military greater power against the Tamil Tigers.

May 16—The military announces that it has gained control of the northern Jaffna Peninsula after capturing the last town held by the Tamil Tigers; the military offensive to take the peninsula began in July 1995.

July 23—Tamil Tigers gain control of the Mullaitivu military base in Jaffna, reportedly killing its entire garrison of 1,000 troops.

July 24—Tamil rebels are blamed for 2 bombs placed on commuter trains in Dehiwela today that killed at least 78 people and wounded more than 450.

SUDAN

June 4—Government officials tell the UN Security Council that they have asked Osama Bin Laden, a financier of militant Islamic causes, to leave the country; Bin Laden sought refuge in the country after he was forced to leave his native Saudi Arabia because of his sponsorship of radical Islamic groups.

July 11—The World Food Program, a UN relief agency, says today that the Khartoum government is not permitting the agency to fly food relief to Bahr el-Ghazal province; the agency says the 500,000 residents of the southern province, which is controlled by Sudanese rebels, face an increased risk of starvation without the aid and that 200,000 people living near the province are also experiencing serious food shortages.

July 15—A UN spokesperson announces that the Sudanese government has lifted a 10-month ban on relief flights to Bahr el-Ghazal; flights to distribute food aid will be permitted for the month of July, when domestic food supplies in the province are typically at their lowest level.

UN relief workers report that 91 Sudanese refugees have been killed, 20 wounded, and 4 abducted in attacks on refugee camps in Kenya by Ugandan rebels over the past week; the

Sudan-based Lord's Resistance Army is believed responsible for the attacks.

SYRIA

June 10—*The New York Times* reports that there was a series of explosions in and around Damascus between May 5 and May 27; it is believed that the bombings were the work of Turkish loyalists objecting to the presence of Kurdish Workers Party leader Abdullah Ocalan in Damascus; the Syrian government has denied that the bombings occurred.

TUNISIA

April 14—Pope John Paul II visits Tunisia and denounces violent religious fanaticism at a meeting with bishops from Algeria, Tunisia, Morocco, and Libya; the pope meets also with President Zine El Abidine Ben Ali.

TURKEY

April 8—Authorities report that 90 rebels and 27 soldiers have been killed since Kurdish rebels began an offensive on April 5. June 6—Prime Minister Mesut Yilmaz resigns after 3 months in office after former coalition leader Tansu Ciller announces her Motherland Party will vote against him in an anticipated censure motion; the motion was called for by the Islamic Welfare Party after a constitutional court found last March's

parliamentary vote confirming Yilmaz's mandate had been conducted illegally.

June 24—Police arrest 30 Kurdish Labor Party officials on June 23 and confront Kurdish protesters today, injuring 80 people.

July 8—Parliament narrowly approves a coalition government led by the Welfare Party, which pledges to restore Turkey's Muslim identity; the vote ends 73 years of strictly secular rule; pro-Western former Prime Minister Tansu Ciller will serve as deputy prime minister and foreign minister, while Necmettin Erbakan, the Welfare Party leader, will become prime minister.

July 26—An 8th hunger striker dies in prison as a "death fast" of leftist political prisoners continues; separatist Kurdish prisoners announce that they will rejoin the fast; inmates have seized control of 3 prisons and protesters have clashed with police in Istanbul and Ankara; the more than 2,000 striking prisoners are protesting beatings, forced transfers, and inadequate medical care.

July 28—Leftist prisoners and the government strike a deal that brings the prisoners' 69-day-old hunger strike to an end; the government agrees to remove 102 prisoners from a remote high-security prison and pledges that it will transfer no more prisoners there; 12 prisoners died during the strike.

UGANDA

May 11—President Yoweri Museveni wins 74% of the vote in the 1st direct presidential election since independence 34 years

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ago; Paul Ssemogerert, head of the Democratic Party and the closest rival, received 24% of the vote.

UKRAINE

April 27—Tens of thousands of people gather in Slavutych, a town built 10 miles outside the Chernobyl nuclear power plant, to commemorate the 10th anniversary of the Chernobyl accident, which the Ukrainian government says directly caused the deaths of 4,300 people; Ukrainian President Leonid Kuchma has said he will close the plant by 2000.

May 28—President Kuchma names former First Deputy Prime Minister Pavlo Lazarenko to the post of prime minister; Lazarenko will replace Yevhen Marchuk, who was elected to parliament last year and is prohibited from holding simultaneous legislative and government posts.

June 1—Kuchma announces that Ukraine turned over its remaining nuclear warheads to Russia today; in a 1994 agreement with the US and Russia, Ukraine agreed to give up its nuclear weapons in exchange for \$1 billion and nuclear reactor fuel from Russia, which is to sell the weapons to the US.

June 29—Parliament adopts the country's 1st post-Soviet constitution.

July 16—Prime Minister Lazarenko is slightly injured in an assassination attempt when a bomb explodes near his car; no one has claimed responsibility for the attack.

UNITED KINGDOM

Great Britain

April 17—A bomb explodes in West London; no one is hurt; officials believe the Irish Republican Army (IRA) is responsible; the IRA broke its 17-month cease-fire 2 months ago.

April 18—in a reversal, the Home Office in charge of immigration affairs allows Saudi dissident Mohammed al-Masari to remain in the country for 4 years; Masari had been denied asylum in January by the Home Office.

April 24—Two bombs explode underneath a London bridge; there are no casualties; the IRA is believed responsible for the attack.

June 15—the IRA says it is responsible for the bombing today in Manchester, which injured 200 people.

Northern Ireland

May 30—Elections are held to create negotiating teams for all-party peace talks scheduled for June 10; Sinn Fein, the political wing of the Irish Republican Army, will not be allowed to participate in the talks unless the IRA resumes its cease-fire.

June 10—Peace talks begin involving the British and Irish governments and all major parties from the North except Sinn Fein; former US Senator George Mitchell will mediate the talks.

July 9—The British government announces that it will not rescind a police order barring Protestant Orange Order members from marching through a Catholic area of Portadown; violence between police and protesters over the ban continues; British Prime Minister John Major denounces the violence.

July 12—Tens of thousands of Protestants march in hundreds of parades commemorating the Protestant victory at the Battle of the Boyne in 1690; Catholic onlookers are kept at bay by police, and there is little violence.

July 14—A bomb wounds 17 people and destroys a luxury hotel in Enniskillen; the IRA denies responsibility, and all sides denounce the bombing, the 1st in Northern Ireland in 22 months.

July 16—After a week of violence and unrest, peace talks resume.

UNITED STATES

April 9—The US expels a Sudanese diplomat, Ahmed Yousif Mohamed, citing its suspicion that Mohamed supplied information to a group of Islamic terrorists convicted last year of conspiring to destroy the UN and other New York landmarks.

April 12—President Bill Clinton appoints US trade representative Mickey Kantor commerce secretary; Commerce Secretary Ronald Brown was killed April 3 in a plane crash in Croatia.

April 15—The US and Japan reach an agreement on US forces in Japan; under the agreement the US military will return in the next 5 to 7 years an air base, 2 communications centers, a port, and other military installations to Okinawa; the total number of US troops stationed on the island will remain at its current level of 47,000.

April 17—Deputy Secretary of State Strobe Talbott reveals in a letter to Congress that the Clinton administration will proceed with the transfer of \$368 million in military equipment to Pakistan; the transfer had been postponed because of US concerns over Pakistan's nuclear weapons program; in addition, the US will refund \$120 million Pakistan paid for military equipment that was never manufactured.

April 20—in Berlin, US and North Korean negotiators begin talks on freezing North Korean missile production.

April 30—President Clinton and Israeli Prime Minister Shimon Peres sign an antiterrorism agreement at the White House; under the agreement the US will assist Israel in developing a defense system against ballistic missiles and small rockets like those fired recently into northern Israel by Lebanese guerrillas. In its annual report on terrorism, the State Department lists 7 countries it says are the principal sponsors of international terrorism: Syria, Iran, Cuba, Iraq, Libya, North Korea, and Sudan.

May 1—Clinton meets at the White House with Palestinian Authority President Yasir Arafat; today's meeting marks the 1st time Arafat has met with a US president in the absence of an Israeli leader.

May 3—the government announces that it has admitted Chinese dissident Liu Gang into the US; Liu once ranked 3d on China's list of "most wanted" student protesters for his role in the 1989 Tiananmen Square demonstrations.

May 6—Government officials disclose that classified documents show that Guatemalan Colonel Julio Roberto Alpírez, a paid CIA informant, did participate in the 1990 murder of American Michael Devine and the 1992 murder of Efraín Bámaca, a guerrilla married to an American.

May 8—a federal judge orders the extradition of Mousa Muhammed Abu Marzook to Israel; Abu Marzook, a leader of the militant Palestinian group Hamas who is accused of participating in 10 terrorist attacks in Israel between 1990 and 1994 that killed 47 people and wounded 148 others, has been held in a New York prison since his July 28, 1995, arrest as he tried to reenter the US.

May 16—Admiral Jeremy Boorda, the Navy's highest-ranking officer, commits suicide.

May 21—Defense Secretary William Perry says that the US recently warned Russia and Ukraine against selling SS-18 ballistic missile technology to China after the US discovered evidence that China has been trying to buy such materials; the US, Russia, and Ukraine say that no actual transfer of SS-18 missiles or parts has occurred.

May 22—After a 16-month sting operation, federal agents seize approximately 2,000 fully automatic AK-47 rifles smuggled from China and arrest at least 7 suspects; the agents also sought representatives of 2 Chinese state-owned arms companies US officials believe were key planners of the smuggling operation but were unable to arrest them; the officials refuse to comment on whether they believe the

Chinese government had knowledge of or participated in the smuggling operation.

May 26—Representative Bill Richardson (D.-N.M.) arrives in the North Korean capital of Pyongyang to meet with North Korean officials; the US wants North Korea to participate in peace talks aimed at creating a new peace agreement to replace the 1953 accord that ended the Korean War; Japan and South Korea would also be part of the talks.

June 17—The US and China agree on measures to stop copyright piracy, averting \$2 billion in US sanctions against China that were to go into effect today unless agreement was reached on intellectual property issues; the agreement addresses enforcement issues, including criminal prosecution, Chinese police and customs agents' involvement in enforcement efforts, and provisions for monitoring.

June 19—Aleksandras Lileikis is deported to Lithuania; Lileikis was stripped last month of his US citizenship after evidence was revealed that he headed a World War II Lithuanian secret police unit responsible for delivering Jews for Nazi extermination.

July 9—President Clinton meets with the new Israeli prime minister, Benjamin Netanyahu, at the White House to discuss Israeli policy toward the Palestinians.

July 10—In the 1st application of US legislation aimed at discouraging foreign investment in Cuba, the Clinton administration tells high-ranking executives and shareholders of the Sherrit International Corporation, a Canadian firm, that they and their families will no longer be permitted to enter the US; the Helms-Burton law, which penalizes foreign investors who trade in Cuban property seized by the Castro regime, has been widely condemned by the international community.

July 17—Defense Secretary William Perry announces plans to move as many as 4,000 American troops stationed in Saudi Arabia to more remote areas affording better security; on June 25, 19 American airmen were killed and hundreds of people injured when a truck bomb exploded outside their apartment complex in Dhahran.

A Trans World Airlines passenger jet explodes and falls into the ocean outside New York City, killing all 230 passengers and crew aboard; officials say they suspect a bomb is responsible for the explosion.

President Clinton suspends for 6 months part of the Helms-Burton Act that would allow Americans to sue foreign companies that use American property seized by Cuba's Communist government when it came to power.

July 19—A jury convicts Omar Muhammed Ali Rezaq, a Palestinian who confessed to killing 2 passengers during the 1985 hijacking of an Egyptair flight from Athens, of air piracy; Rezaq was convicted under American antiterrorism laws that permit prosecution in the US for incidents involving American victims.

July 27—In Atlanta at the International Olympic Games, 1 person is killed and 111 are wounded when a bomb explodes during a concert in Centennial Olympic Park; officials are investigating the attack.

VENEZUELA

May 30—Former President Carlos Andrés Pérez is sentenced by the supreme court to 28 months in prison after being convicted of mismanaging a \$17 million secret fund. ■

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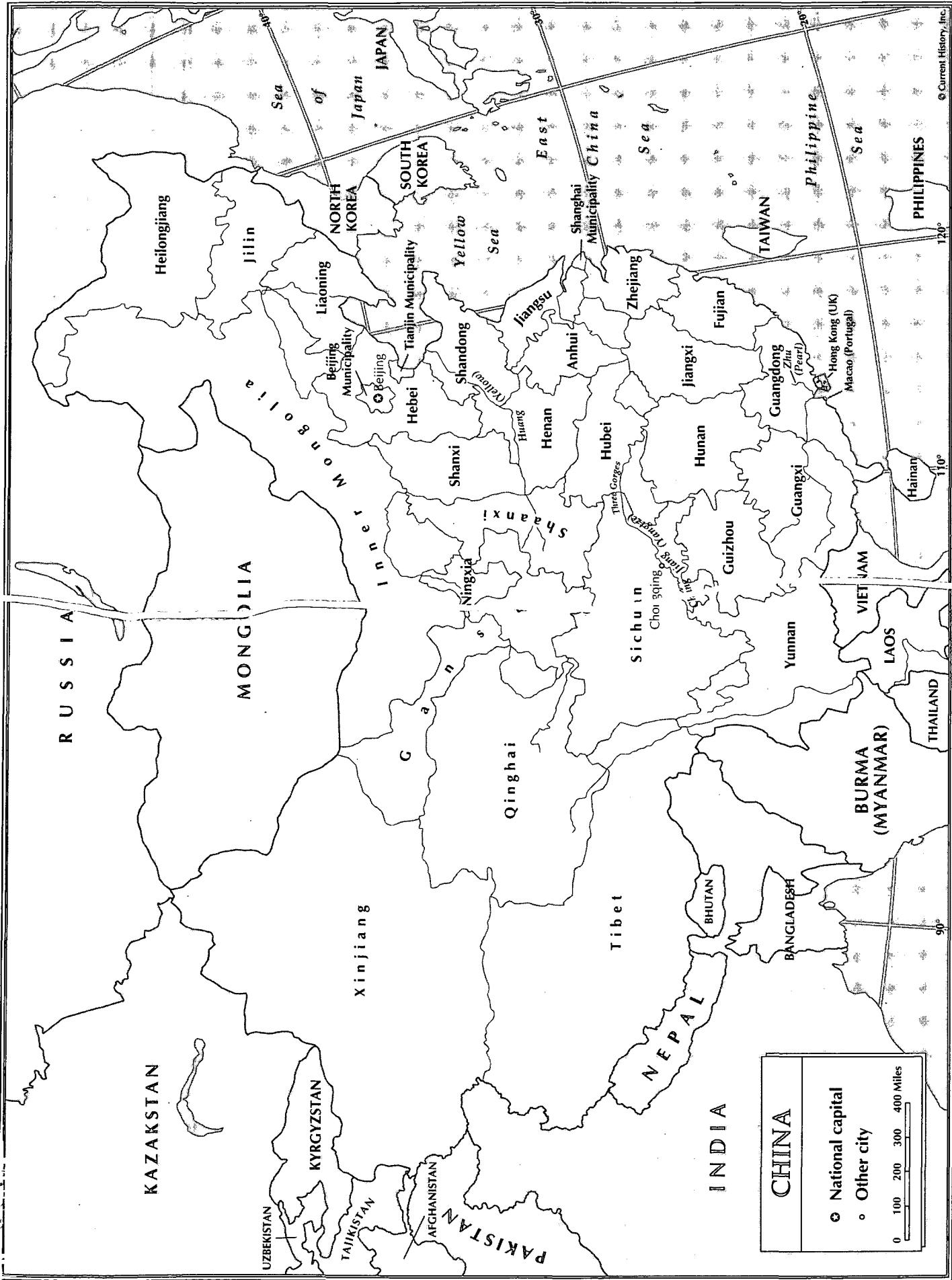
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